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FINANCIAL TIMES

No. 25,517

Thursday July 29 1971

** 6p

Acute above the rest!
Drummond's
Freedom
Suits

News Summary

Labour 16-6 and TUC 15-11 against entry

GENERAL

Oz issue Wall St. obscene, selling—court finds

All defendants in the Oz trial were found guilty by a ten-to-one majority verdict yesterday of publishing an obscene article, sending an obscene article by post, and possessing obscene articles for publication for gain.

However, they were found not guilty of conspiring to corrupt public morals.

The magazine's three editors, Richard Neville, 28, James Anderson, 32, and Felix Dennis, 24, were remanded in custody for police, social medical and mental reports—which will take about three weeks.

The case arose from an issue of the magazine produced by school children which dealt with such subjects as lesbianism and drug-taking.

After the hearing ended, the national Council for Civil Liberties claimed the prosecution was a political show trial to warn the young to "do as we do." It would undertake "a full investigation."

Secretary Maudling told jury MPs last night he would not shrink from the internment of IRA suspects in Ulster if the Government and security forces felt it was necessary. It could then be used without warning.

offest Corporation, dismayed at mounting injuries and property damage, is sending a delegation to a meeting with Mr. Heath which demands would be for tougher action against IRA.

Guillotine again
Guillotine motion on discussion the Industrial Relations Bill was carried 308-263 by the Government despite bitter protests from the Opposition whose members, said Employment Secretary Carr, were "claptrap."

harter flight for 00 stopped
London-New York charter flight was prevented from leaving the DTL yesterday because it was not satisfied the light-for-air traffic agreement between the U.S. and Britain was being met.

allies drops in
Charles, 22, made his first unaided jump from 1,300 feet in the sea near Poole Harbour, was picked up almost immediately by a Royal Marines rescue boat.

Wilson's memoirs
Wilson was reported to have been offered a U.S. offer for the purchase of his memoirs. He intends to go to a British university—possibly Oxford or Cambridge—as an official exhibit.

unar orbit to-day
ollo 15's astronauts were wowed to sleep for 70 minutes re than scheduled as the spacecraft sped uneventfully to today's entry into lunar orbit. Only two further snags occurred, another short circuit in a broken glass in an instrument in the Falcon module, which were considered very minor.

riefly...
ultine vaccination of children against smallpox is to be discontinued. The Health Ministry considers the chances of the disease reaching Britain today remote.

e masked men, one firing a gun, escaped with £120,000 in the Allied Irish Bank in burn Hill Road, London. No was injured.

F helicopter was reported to e rescued three men from a ion Dutch coastliner ablaze 10 es off Lowestoft.

BUSINESS

Wall St. 8.7 off

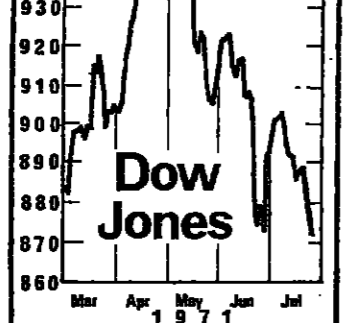
LONDON EQUITIES weakened in late trading on rumours of a Middle East flare-up, plus some profit-taking. Oils were sufferers. The equity index ended 2.5 off at 410.7.

GOLD SHARES moved up again in response to the rise in the bullion price. Gains ranged to 12p in Kioff. The share index, 0.9 up at 56.4, has gained 4.1 in two weeks.

GOLD at one time lost 10c but on speculative demand it rallied to end 10c up on the day at £42.15, highest since June, 1969.

THE £ improved, 2c to £2.41.

WALL STREET stocks went lower yesterday. Selling increased ahead of the extending railway pay dispute and the week-



end decline for the steel strike. The Dow Jones index ended 8.69 lower at 872.01. Trading volume increased to 13.94m, some 2.4m above Tuesday's and the biggest for three weeks.

BSC faces big loss

BRITISH STEEL CORPORATION, with a £10m loss in its last financial year, may have a loss of at least £110m, this year. There are indications that it will lose the £40m, accumulated deficit, or £200m, of its public dividend capital borrowings, written off by the Government. Selective price rises may come from BSC though not exceeding the 5 per cent CBI limit.

THE BLASTFURNACEMEN'S leaders are to decide next Tuesday whether to call for new industrial action to back pay demands after deadlock in talks with the BSC.

ARBITRATION AWARD OF 11 PER CENT, plus 2 per cent, for better productivity has been made to the Post Office engineers—a blow to the Government's pay restraint policy.

GREEN PAPER on reform of local government has been put out for consultation against local income tax, sales tax, and other sources of revenue. It makes few definitive policy statements but discloses a trend in Government thinking towards a system of rates and Government grants. Consultations with local authority associations are to start soon.

£40m. issue by Distillers

DISTILLERS is to raise £40m. by a placing of 10 per cent, unsecured loan stock, the biggest since 1961's £40m. last December. A premium of about 3 points is expected when dealings start next Tuesday. Distillers has sold 4.7m. British Petroleum Ordinary shares for an estimated £20m.

COMPANIES

UNIGATE 11 per cent final raises the dividend total to 16 (15). Pre-tax profit is a record £10.7m. (£9.7m.). Page 19; Lex Standard Oil (New Jersey) has raised its quarterly to 95c (90c).

FALES

Automotive Products 645 - 23
Cunard 196 - 6
De La Rue 228 - 19

Anti-EEC campaign to be stepped up

BY JOHN BOURNE, LOBBY EDITOR

THE anti-Marketisers scored their biggest success so far when the Labour Party's National Executive voted decisively yesterday against British entry into the EEC on the terms negotiated by the Government.

Not only did they win by a 16-6 margin but they also secured the executive's decision to support the party's policy. This, however, is unlikely to be as ambitious as the anti-Marketisers would like, partly because of lack of funds. This will probably rule out a national advertising campaign and restrict the activities of Transport House to leaflets.

The decision was taken by 15 votes to five, but Mr. Denis Wilson and Mr. Denis Healey, who earlier had voted consistently with the anti-Market majority, deliberately abstained on this vote. Their attitude was that the proposal, which came from Mr. Anthony Wedgwood Benn, the vice-chairman, was constitutionally incorrect because the executive had no constitutional role in the affairs of the Parliamentary Labour Party.

However, the pro-Marketisers were told by Mr. Wilson that they should not restrict their freedom of speech in the coming months. The party leader is reported to have been in his most kindly, avuncular and rubicund mood: "not at all headmasterly," said one politician afterwards.

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Statement on future of UCS to-day

BY PHILIP RAWSTORNE

MR. JOHN DAVIES, Secretary for Trade and Industry, is to make a statement in the Commons today about Government plans for the reorganisation of Upper Clyde Shipbuilders.

The plans, based on the recommendations of a four-member committee appointed to examine the situation, were discussed at a two-and-a-half-hour meeting of the Cabinet yesterday when the Government's law officers were called in to advise on legal problems surrounding the operation.

Labour MPs last night feared that the scale of redundancies resulting from the reorganisation could be significantly higher than earlier estimates of about 2,000—and they predicted a major political row if their fears were confirmed to-day.

Their anxieties were heightened by the results of a meeting before the Cabinet yesterday when Mr. Davies said that the Government had these very much in mind. But UCS had been in a state of uncertainty for over three years, said Mr. Davies, and the uncertainty had to be removed.

He told one delegate who suggested that any contraction of the shipbuilding industry on the Upper Clyde would precipitate the biggest political struggle of the century, that the industry would only survive if there was co-operative understanding. Survival could not be achieved by a head-on clash.

Union meeting

Andrew Hargrave, Scottish Correspondent, writes: A meeting of the co-ordinating committee of the trade union side of UCS (it includes full-time union officials as well as shop stewards) has been called for tomorrow morning to discuss the next step following Mr. Davies's statement. It will be followed by a meeting of all UCS shop stewards.

Three of the four UCS units—two shipyards and the steel factory at Linthouse—are still on holiday; but in view of the crucial importance of the Government's decision, the union side hopes that the majority of shop stewards of the yards on holiday will attend the meeting which is to take place at the Clydebank yard, the only one at work at present.

At a mass meeting in Clydebank yesterday, workers at the Clydebank yard agreed to the shop stewards' decision to call work and sleep in any yard doomed to closure.

Sir L. O'Brien's £27,000 a year

BY MICHAEL BLANDEN

SIR LESLIE O'BRIEN, Governor of the Bank of England, was paid £27,000 in the past year, a rise of £2,000 from the previous year which puts him at the top of the incomes paid to heads of nationalised industries. The Bank, publishing its full accounts for the first time in its 270-year history, discloses that it made an operating profit of £8,344,000 in the year to end-February 1971.

The publication of the bank's accounts was one of the central recommendations of the Select Committee report last year, which aimed to increase the Bank's accountability to Parliament and the public for its operations. The accounts will be further substantially changed as a result of other measures which are to be put into effect this year.

The banking department's total income included over £22m. from its holdings of Government Treasury bills and stocks, and a charge of £3,851,000 for services to the Government. After the statutory payment of £1.75m. to the Treasury and after taxation, the Bank retained £2.69m. of its profits.

Under the new rules, the Bank will, from March this year, make charges to cover the full cost of its main services to the Government—the administration of exchange control, management of the Exchange Equalisation Account and management of the National Debt. At the same time, profits of the banking department after provision for reserves and working capital, will be paid over to the Treasury; the first payment is due on October 5.

The report also reveals that the bank made charitable donations of £54,986 during the year. Total emoluments of the Governors and directors came to £218,000.

In the issue department, where profits are already paid to the Treasury, it is shown that the total cost of producing and issuing bank notes during the year was £7.1m. This is set against the very large income from the holdings of Government securities against the note issue, and a total of £145.3m. of net income was payable to the Treasury.

The Bank also reports on the results of its inquiries into Britain's invisible earnings. These have shown that overseas earnings of the banks and of the Baltic Exchange grew much faster between 1965 and 1969 than was assumed, leading to revisions of balance of payments estimates. The Bank is working on the earnings of accountants, and has completed arrangements for an inquiry into solicitors' earnings at the end of this year.

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members of the NEC who disagreed with the decision must not feel gagged. There was a precedent for their being free to continue to argue their case for accepting the entry terms—the case of German rearmament when Aneurin Bevan and the Left argued against the party's official policy.

At this point Mr. Roy Jenkins said that it should be recognised that "many of us" have very deep feelings on the Common Market.

However, interviewed on BBC radio after the meeting, Mr. Mikardo hinted that these pro-Marketisers who voted against the policy of the party in the autumn might find themselves defeated in the November elections for the Labour "shadow" Cabinet.

He said the position of the six NEC members who had been out-voted on the Common Market issue was the same position in which all other minorities had been.

"If they speak out against the policy—and they can—they must take the responsibility for doing it."

"We have an election for the 'shadow' Cabinet at the beginning of every Parliamentary session, and nearly always there are one or two changes. It would be surprising if there were not changes next time."

"Labour MPs when they are deciding how to cast their votes will almost certainly take into account among other factors whether a particular candidate is a supporter or opponent of the policy on the Common Market as it now is."

The six who were on the losing side yesterday were one union man—Mr. Jim Diamond, of the steel workers—Mr.

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because to-day the anti-Market majority in the party was more tolerant than the anti-Bevanites used to be. "I lived through the 50s, and the scars are still on me. I won't do the same in the present minority as they did to me."

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British Rail holds out on prices pledge

BY COLIN JONES

BRITISH RAIL has not yet agreed to sign the CBI undertaking on prices and is still discussing with the Government possible arrangements which would enable the BR Board to do so.

In the absence of special arrangements, there is a distinct possibility of British Rail refusing to go along with the CBI proposal.

Indeed, some resentment can be detected among the BR Board.

Already, as a result of the year's recession in traffic, particularly in coal and steel shipment, last year's net profit of 19.5m. after interest charges, has disappeared, despite higher fares and freight charges.

Although other public corporations which are currently making a loss, such as the British Steel Corporation and the Post Office, are believed to have agreed to sign the CBI undertaking, British Rail considers that its position is somewhat different.

Mr. Richard Marsh, the prospective chairman of British Rail and Mr. Michael Bosworth, deputy chairman, who are presenting BR's case in Whitehall, are believed to have agreed, at all, that BR is under a statutory duty to avoid loss-making.

Although the 1968 Transport Act—which Mr. Marsh, as Minister of Transport, was responsible for steering through Parliament—adopted the usual formula about covering revenue costs, "taking one year with another," another section of the Act empowers the Government to appropriate any surplus made in any one accounting year.

In addition, on practical grounds, BR claims that it has already had sufficient experience of deficit financing to want to fight strongly against being forced into returning to it.

Among the possible alternative arrangements which Mr. Marsh and Mr. Bosworth are believed to have put forward to the Department of Environment, British Rail's sponsors in Whitehall, are non-interest-bearing loans or grants or, as a kind of quid pro quo, a substantial payment of "infrastructure grants" for major rail investment projects.

It is widely believed that British Rail had been planning to make a further selective increase in passenger fares this autumn and in new freight contracts and to invoke price escalation clauses in existing contracts.

The road to industrial serfdom? Page 17

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Mr. Richard Marsh

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BRACKEN HOUSE, CANNON STREET, LONDON, EC4

Management education

trial set of problems of dirt, slums and traffic has had to be dealt with in the last 20 years. Town planners, I suggest, should spend a few days in both cities as examples of how and how not to create conditions for pleasant living.

The scheme to turn the inner ring road into a racing circuit is, I suggest, not superfluous as your Mr. Rennison suggests, but just another typical example of the bird-brained efforts of those who have turned this city into chaos equalled only in Butler's Erechton.

M. H. Thomas.

**Welding Technical Services,
Kings Norton, Birmingham, 30.**

Retail sales methods

Sir,—Mr. Stafford Bourne in his article in *Tuesday's* (July 27) issue of the *Financial Times*, deplores the biannual ballyhoo of sales and advocates having a section in each department offering surplus goods at reduced prices throughout the year. Before practising what he preaches however, he pleads for at least

same. Surely has he not provided himself with the solution in the preceding paragraph? Here he says that Marks and Spencer do not hold sales, they

As an ordinary member of the purchasing public, who abhors the sight of middle-aged mums fighting over a length of cotton velour, I urge Mr. Bourne to have the courage of his convictions. A close look at Marks and Spencer's profit record and the

Finally, are dreary window displays and shoddy premises.

prerequisites to successful sales?
Keith P. Browne,
16, Pelham Court,
Bishopric, Horsham.

Redundant employees

Sir.—Your headline (page 1 of July 27) announces "ICL making further 1,500 redundant." This misuse of English needs to be resisted, for it can cloud thinking.

There is no question of "making." What is happening is that

The Stock Exchange. E.C.2.

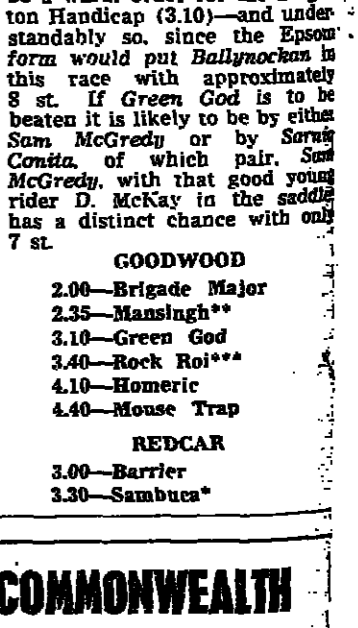
To-day's Events, Page 21

final of the Wills Embassy Stakes (2.30), in which Mr. David Robin-

son, who had several animals qualified to run, will be represented by Jolly Mc. For the winner however, I turn to *Mammoth*, who, after running *Wishing Star* to threequarters of $\frac{3}{4}$ length at York in May, had a good rest before returning to that course two months later when he disposed of *Touch Paper* without much difficulty.

Green God, judged on his defeat of the Spillers' Stewards Cup winner *Apollo Nine*, at a difference of only 6 lbs at New

the Epsom Derby meeting, will be a warm order for the Single.



CO. LTD.
Cayzer, Bt., Chairman, at
General Meeting held on
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To-day's Events, Page 21

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earlier defeat of *Ballymochan* at the Epsom Derby meeting. will.

be a warm order for the Single
ton Handicap (3.10)—and under-
standably so, since the *Equine*
form would rate *Hallynwood* in
this race with approximately
8 st. If *Green God* is to be
beaten it is likely to be by either
Sam McGregory or by *Serug*
Comda, of which pair, *Sam*
McGregory, with that good young
rider *D. McKay* in the *saddle*
has a distinct chance with only
7 st.

GOODWOOD

2.00—*Bridge Major*
2.35—*Manshing***
3.10—*Green God*
4.00—*Rock Roll****
4.10—*Homeric*
5.40—*Mouse Trap*

REDCAE

3.00—*Barrier*
3.30—*Sambuca**

| Year | Percentage of Population Aged 65 and Over |
|------|---|
| 1950 | 7.5 |
| 1955 | 8.5 |
| 1960 | 9.5 |
| 1965 | 10.5 |
| 1970 | 11.5 |
| 1975 | 12.0 |
| 1980 | 12.5 |

**COMMONWEALTH
CO. LTD.**

Cayzer, Bt., Chairman, at
General Meeting held on
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I am pleased to say that I have
passed your notice that the
stamp market continues
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overall contribution from
significantly different, I would
reservation than a month

and Accounts telephone 01-283
The Company at Cayer House,
A BPP.

1-511-716

Farming
and Raw
MaterialsPlan for cut
in potato
plantings

By Our Commodities Staff

THE ACREAGE planted to potatoes in 1972 will be cut to a target of 525,000 acres, compared with 560,000 acres this year, the Potato Marketing Board has announced.

This decision to cut plantings will further be agreed between the Board, the Government and the National Farmers' Union. It reflects the increase in the yield per acre obtained by growers in recent years.

1972 is to be another quota year, with growers permitted to plant only 87 per cent of the basic acreage, but this means the 1972 basic acreage has been lowered in accordance with plantings recalculated for the period 1968-70.

Big problems
for Cuban
nickel

HAVANA, July 28. CUBA'S nickel industry was facing production problems due to outdated equipment, Prime Minister Fidel Castro said here, reports Reuters.

Nickel is Cuba's second most valuable export, next to sugar, and Dr. Castro has said that nickel production is facing serious limitations because the technical resources for modernising equipment are not easily within the country's reach.

Recently, Le Nickel, the French producer acting as sales agent for Cuba, decided not to renew its sales contract, reports Reuters.

Cadmium
cheaper

Further easing was noted today in the London Free Cadmium prices. Ingots were indicated around \$1.29 to \$1.33 per lb. c.i.f., a drop of three cents. A number of deals were reported at the lower level.

The cut in the U.S. producer price in \$1.5 per lb. from \$2.25 has made it more difficult to sell to that market, some sources said.

Bid to cancel South
Africa sugar quota
to U.S. defeated

BY OUR COMMODITIES STAFF

A STRONG bid to remove South Africa's sugar export quota to the U.S. was defeated in the U.S. Senate last night by 54 votes to 42, reports Reuters from Washington.

An amendment to the Bill fixing the U.S. sugar import quotas, eliminating South Africa's quota of 57,745 tons and reallocating it to U.S. sugar producers, backed by Senator Edward Kennedy and Fred Harris was lost, despite earlier reports that the amended resolution might well win a majority vote.

On Tuesday an amendment to reduce South Africa's quota to 10,000 tons was defeated by 47 votes to 45, and it was thought that the switch to giving the South African quota to domestic producers would win the vote. But at least two Senators from U.S. sugar-producing states. But in the event the plan misfired.

Earlier a new effort was being made by Senator Kennedy and other Democrats to represent a more serious threat to South Africa. Whereas the original amendment was intended to redistribute South Africa's 57,745 tons quota in favour of Black

African countries, a new amendment has been proposed which will distribute the quota to American domestic sugar producers.

Emotional debate

Reports from Washington yesterday suggested that the new amendment might command sufficient extra support to tip the balance in favour of acceptance. Senator Kennedy's original proposal was defeated by only 47 votes to 45 after an emotional nine-hour debate. At least two Senators from U.S. sugar-producing states voted against, but they are expected to come under pressure to support the revised measure, which would obviously benefit their constituents.

Senator Long, chairman of the Senate Finance Committee, repeatedly contended that South Africa was granted her quota because of past good performance in helping meet America's sugar needs "in good times as well as bad."

Senator Kennedy, in one of the strongest attacks on South Africa ever heard in the Senate, denounced the quota as a political or economic justification for the continuation of "this annual subsidy to a nation that intensified a repugnant system of indignities and human repression."

Australian wool
freight rate frozen

BY OUR COMMODITIES STAFF

THERE is to be no increase in the freight rates for Australian wool shipped to Britain and the Continent in the 1971-72 season, it was announced yesterday.

This was agreed at a meeting in London between the Wool Commodity Group, comprising representatives of the Australian and European wool industry interests and the Australia-Europe Conference shipping lines.

The decision, which represents a considerable concession by the shipping lines faced by a sharp rise in costs, was taken after consideration of the present plight of the Australian wool industry, with auction prices in the 1970-71 season falling to the lowest level for 20 years.

At the same time it was agreed that both the wool industry and the shippers would co-operate in seeking ways to cut the cost in the movement of wool.

The Australian Wool Board has threatened to seek lower freight rates from non-conference shipping lines in view of the rise in freight rates over the past few years, but undoubtedly the Conference concession on this occasion will be greatly welcomed as the shippers have no difficulty in proving their costs have risen more than sufficiently to justify a big increase in wool freight rates.

Early this week the New Zealand Wool Board accepted a 12 per cent rise in freight rates for wool, which it claimed was the best bargain possible.

It was pointed out, however, that the volume of wool shipped from New Zealand was very much less than from Australia, and a more rationalised service was provided with all shipping space filled, whereas some vessels from Australia left with empty space.

Milk sales
down in
June

By Our Commodities Editor

MILK SALES in England and Wales came down with some degree of a bump in June, according to the Milk Marketing Board's latest figures.

These show that just under 119m. gallons was sold for liquid consumption in June, compared with nearly 125m. gallons in May and 121.5m. gallons in June last year.

The reduction is particularly disappointing for the Milk Board in view of the sharp rise recorded in May by approaching 6m. gallons compared with April which was traditionally an occasion when milk sales suffer—spilled over into June.

Milk sold off farms in England and Wales in June totalled an estimated 216.7m. gallons, compared with 206.7m. gallons in June 1970 and the very high figure of 238.6m. gallons in May, the month when production is at its seasonal peak.

Small hitch in
U.S. copper
settlement

SALT LAKE CITY, July 28.

THE INTERNATIONAL Brotherhood of Operating Engineers No. 3 at its membership meeting yesterday rejected the tentative labour agreement reached between Kennecott Copper Company and the union negotiators, reports Reuters.

A Kennecott spokesman also said the company is meeting this afternoon with the union negotiators on the proposed agreement, but that work rules were the primary reason for the rejection. The local comprises about 421 members.

Kennecott spokesman also noted that yesterday 18 of the 19 locals representing 80 per cent of the union workers at the Utah mining division, had ratified the new three-year contract agreement.

The company said that the remaining two locals at the Utah division, the United Transportation Union and the International Association of Machinists, meet today for ratification.

The unions at Kennecott's Nevada mines division ratified the new labour contract yesterday and are back at work today, a Kennecott spokesman in New York said.

It was also rumoured that Phelps Dodge, another major producer, has renewed a tentative agreement.

ITALIAN HORTICULTURE AND EEC

Planting a European garden

BY JOHN EDWARDS, RECENTLY IN ITALY

SITTING in an Italian cherry orchard, with the trees heavy with fruit and the sun beating down, is not the best place to assess the economic consequences for U.K. growers if Britain joins the Common Market. Indeed, but for the hot sun and rather more elegant architecture, one could well mistake much of northern Italy for the English countryside.

However, dry and dusty it may be in the south, the Po valley region in Northern Italy has plenty of water and rain—the peach trees have to be protected against hailstorms in some areas. It is from this fertile area that the severest competition to British horticulture will come.

For the average Italian fruit grower the EEC is a fact of life, and not a subject of great interest any longer, although one politically emotional flower grower described the Common Market as "the barrier against barbarism."

But the possible entry of Britain into the EEC did raise a spark of interest, and indeed some enthusiasm, noticeable among apple and pear growers.

Last year it is estimated Italy and France between them had to dispose of more apples as surplus than the whole of the U.K. and the surplus was why the opening of a major new market to help shift some of this huge surplus is viewed with delight by Italian growers and considerable apprehension by the British.

But once and above what apple and pear growers in Italy may gain from Britain joining the Common Market, there is the

overall Italian ambition to become truly the "garden of Europe" for fruit, vegetables and flowers.

Italy has many natural advantages over its EEC fellow members in horticulture—the most important one being a climate that is ideal for growing many crops that cannot be grown on any large scale in more northern countries receiving less sunshine.

The addition of adequate water supplies and rich soil in the northern Italy makes it the best fruit and vegetable growing areas in the world. It follows, therefore, that if the most efficient growing and marketing methods, such as those used by the less fortunate British and Dutch growers, are applied in Italy, the potential scope for expansion is enormous.

Travelling through Northern Italy it is obvious that there is plenty of enthusiasm, and a long tradition, for horticulture. Every area possible, even to the very smallest plots, seems to be covered with plants of some kind or another. However, although there are some very good and efficient growing units, using up-to-date methods and equipment often in an ingenious way, there are also a great many small, uneconomic, growers.

But the Italians are in the middle of a tremendous struggle to reorganise and revolutionise their whole agriculture, to turn it into more efficient lines so that it can keep pace with the growth in the industrial sector.

The basic objectives (like the Marshall Plan for the entire EEC) for the Italian horticulture sector is to establish the most of natural resources by intensifying production methods, encouraging the emergence of larger units to replace the small uneconomic family holdings, and creating producer co-operatives for buying machinery and equipment, and improving the marketing of produce.

The sums involved in this mammoth task are enormous. Under

the First "Green" Plan, from 1960-65, the total allocation of financial expenditure was over £30,000m. (some £415m.) while under the second Green Plan from 1965-70, which has now been extended for two years, the planned expenditure was \$300,000m. (some £415m.).

On basic purpose of this attempted modernisation of agriculture, especially in the south, is to stem the flow of workers from the land to the better-paid industrial jobs in the overcrowded cities. But already a shortage of labour, particularly in North Italy, is forcing growers to mechanise in horticulture and the wages paid to workers are well in line with, or indeed above, those paid by many British growers.

Another important aspect, however, is that the Italian fruit and vegetable industry has to a large extent been built up on exports and is, therefore, a valuable source of foreign exchange for the country.

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As to the increasing amount of financial assistance being given to Italian agriculture, the advice to British growers was "get a Green Plan of your own."

Quota removal

Of greatest importance to them in the short term is the removal of the present British import quotas on "winter" apples and pears that strictly limit the amount of fruit that can be bought from countries outside the sterling area.

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Butchers attack
charge rise

INCREASES of up to 50 per cent in the maximum charges for meat inspection announced by the Ministry of Agriculture yesterday, brought sharp criticism from butchers.

The charges, which local authorities can make on butchers go up on August 16 from 12p to 18p for beef animals, from 3p to 5p for calves and pigs, and from 2p to 4p for sheep and lambs. This is the first increase in the rates since the changes were introduced in 1963.

A National Federation of Meat Traders' Associations spokesman said they had consistently opposed this "iniquitous imposition" since it started.

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the First "Green" Plan, from 1960-65, the total allocation of financial expenditure was over £30,000m. (some £415m.) while under the second Green Plan from 1965-70, which has now been extended for two years, the planned expenditure was \$300,000m. (some £415m.).

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Surprise rise in
Canada newsprint

PRICE CO., the major Quebec producer, surprised the Eastern Canada newsprint industry today by posting an 88-cent price increase effective November 1 in the U.S. Eastern market. It was the first company to follow the parallel rise in U.S. market west of the Rockies with effect from November 1.

Industry sources were sceptical of the Price Co. move because

of overcapacity in Eastern Canada newsprint and did not expect the full amount to stick. There was no immediate comment from other Canadian companies.

In contrast a spokesman for Bowaters Newfoundland said the company was studying down operations at its Western Newfoundland unit for the rest of the year because of an oversupply of newsprint on world markets, reports Reuters.

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the First "Green" Plan, from 1960-65, the total allocation of financial expenditure was over £30,000m. (some £415m.) while under the second Green Plan from 1965-70, which has now been extended for two years, the planned expenditure was \$300,000m. (some £415m.).

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American News

Steel chief warns of import situation

By Nicholas Colchester

NEW YORK, July 28. ANNOUCEMENT of almost doubled profits by Bethlehem Steels, reports of similar progress by other steel companies, and the reaction to yesterday's surprising dividend cut by U.S. Steel, the nation's largest producer, made steel stocks the focus of attention on the New York Stock Exchange this morning. Matching those of U.S. Steel, Bethlehem's net earnings for the second quarter rose from 59 cents to \$1.08 a share on sales that were up from \$757m. to \$1,009m.

Rebelling the statements of the chairman of U.S. Steel, the Bethlehem chairman, Mr. Stewart Cort, said that the orders in the first half had been abnormally high due to pre-strike stock-piling (the deadline for the completion of wage negotiations expires on Sunday), and that the reduction of these accumulated stocks would affect the profits of Bethlehem and the rest of the steel industry over the rest of the year.

Following U.S. Steel's argument further, Mr. Cort described as deep worry at the import situation, maintaining that it was "vital for the welfare of our industry" to secure an extension of the voluntary import restraints that have sheltered the U.S. steel industry for the last two years.

Wheeling-Pittsburgh, a smaller steel company that has come into the limelight because of the early date at which it started to shut down its plants in anticipation of a strike, today reported second quarter earnings up from 3 cents a share to no less than 213. Its income for the first half was up even more substantially from 7 cents a share to 324, although the low figure for the first half of 1970 was apparently due to Preferred dividend requirements.

With the hedge buying period almost over, it is apparent that it has not brought the steel industry quite the boom producers would have liked, and that steel shipments have been disappointing, and August looks like being a disastrous month.

Tension growing between White House and the Fed

BY JOHN GRAHAM, U.S. EDITOR

A NEW twist to an old story started when President Nixon reported to be considering stripping the Federal Reserve of its traditional independence. The report said he was seriously considering two changes: First, a doubling of the size of the Federal Reserve Board from the present level of seven members, and second bringing the Federal Reserve within the executive branch of the Government, that is, under White House control.

The news agency story clearly did not come from the Federal Reserve or from the Treasury, which is even at this very moment having some difficulty with a financing issue and needs all the help it can get from the Fed. It came from inside the White House, though the high Administration sources quoted have not yet been identified.

The official White House spokesman said that he did not think the President was giving any consideration to the measures mentioned. He did not believe that the President had discussed a reorganisation of the Fed at all.

The fact remains that the original source in the White House deliberately leaked the story, and claimed that many of the President's senior advisers agreed with it. He went so far as to say that the White House was studying actual legislation.

That things have got to such a pitch—even though there may be no substance whatever to the story—shows that relations between the White House and the Federal Reserve have deteriorated considerably. Dr. Burns used to be one of President Nixon's most trusted advisers; the President's men

WASHINGTON, July 28.

In the White House would not be making trouble like this unless the temperature had cooled.

The primary cause of friction between the two institutions is that Dr. Burns is more and more convinced that a wages and prices policy is needed, and that there can be little if any progress against inflation without one. He has tended towards this belief for a long time, but has this month spoken more forcibly than before.

Whether Mr. Nixon may in time wish to curb the Fed's relative freedom or not, there is no possibility whatsoever of getting such legislation passed during his present term, if indeed at all. Any such attempt by the White House would induce a row about Government unmatchable since President Franklin Roosevelt tried to pack the Supreme Court, and failed.

Success for Lockheed Bill

BY GUY DE JONQUIERES

LOCKHEED supporters won one round of the struggle over the proposal to grant the company \$250m. in loan guarantees when the Senate defeated a potentially obstructive manoeuvre by opponents. But they narrowly lost another skirmish, when a motion to cut short debate on the legislation was rejected for the second time.

The upshot is that Lockheed now seems likely to get its loan guarantee automatically once Congress passes broad legislation establishing a \$2,000m. assistance fund for financially troubled companies. But it is still uncertain when this will be and there is no end in sight to the filibustering tactics being used by opponents to keep the legislation from a vote in the Senate until after Congress recesses on August 8.

The supporters' victory was the defeat, by 60-35, of an amendment introduced by Sen. Adlai Stevenson which would have subjected the specific Lockheed proposal to Congressional scrutiny. This key amendment was designed to plug a loophole in the Senate bill which denies Congress the right to veto any loan guarantee application filed before October 1. This loophole was included by Lockheed supporters in the hope that the broad assistance legislation would be approved before that date and that the company would thus receive assistance automatically.

It is still possible that the opposition may succeed in delaying a vote on the legislation in

the Senate until Congress returns from its recess in September and even, conceivably, until after October 1.

But while the defeat of the "cloture motion," designed to limit debate to 100 hours, is a setback to the legislation, Lockheed supporters drew some encouragement from a significant shift in the voting figures—89 to 38.

In order to carry, a cloture motion must be approved by a

two-thirds vote. To-day's attempt was, therefore, only seven votes short of success and came considerably closer to its target than an earlier attempt on Monday, which was defeated by 47 to 42. This suggests that sentiment in the Senate is moving towards cutting off debate and forcing the issue to a vote. It is expected that Lockheed supporters will make another attempt to enforce cloture either this or early next week.

Trudeau studies controls

BY OUR OWN CORRESPONDENT

TORONTO, July 28.

THE FEDERAL Government may have to consider ways of injecting the public interest into private wage bargaining and of curbing the quasi-monopoly powers of big unions and big industry. Prime Minister Mr. Pierre Trudeau told a press conference last night.

He said the Government more and more was coming to realise "that when people sit down to bargain, whether it is professionals and their clients, unions and their employers, civil servants and their governments, there really is a public interest at stake."

Mr. Trudeau indicated that the Government was not averse to experimenting in the field of private sector wage and salary bargaining nor had it any great reluctance to initiate curbs on bla-

tantly excessive use of quasi-monopoly power. But he dismissed the possibility of the Government imposing mandatory wage and price controls unless Canada had inflation of crisis proportions.

In a general review of the economy he said it was on the upswing although Canada was caught "in a psychology of depressed times."

Mr. Trudeau left a possibility of an election before the end of this year, but he did not plan one until next year unless a special situation arose.

He indicated that the Government's foreign ownership rules will not be announced until late September at the earliest. The Cabinet still was studying the task force report on foreign ownership of Canadian business and industry, he said.

CABLE TELEVISION

Hooked onto multimillions

BY JUREK MARTIN, NEW YORK CORRESPONDENT

FOR ALL the ideological trumpeting about its being the great bastion of free enterprise, the U.S. is a widely regulated country. Its commercial and business affairs are subject to the jurisdiction of countless Federal, State and local agencies: the control exercised by many of these bodies may well leave a lot to be desired, but the regulatory framework is quite formidable. At the Federal level, there is a Power Commission, a Trade Commission, an Interstate Commerce Commission, a Securities and Exchange Commission, a Maritime Commission, a Communications Commission, a Civil Aeronautics Board and the list is endless.

For this very simple reason alone, it is inevitable that the emerging cable television industry in the U.S. should face regulation sooner or later. Indeed, though still small in comparison with the conventional TV networks who provide the bulk of programmes for the 85m. TV sets in 60m. homes, CATV is probably already large enough to be placed under some form of regulatory umbrella.

Kickbacks

An up-to-date count of the number of CATV subscribers in the country is almost impossible to obtain since new franchises are being granted almost every day, but recent estimates suggest that about 2,750 individual franchises are already supplying cable viewing to something like 5m. homes. It is entirely possible that in the course of the next few years half of the nation's TV sets will be hooked up to a cable system. At a current installation cost of, at a very rough average, \$300 per subscriber (each subscriber paying between \$5 and \$6 a month for the privilege), it is already a multi-million dollar industry, still a very fragmented one.

Regulation is, in fact, quite necessary. The awarding of CATV franchises, often amounting to 20- to 100-year non-competitive licences, is a notoriously shady business, far too often involving graft and kickbacks to local officials. There

is already one major bribery case in front of the courts.

Nevertheless, in the long run the need to get some sense of proportion into the awarding of cable franchises is secondary in importance to the fundamental consideration of the conditions under which CATV systems are to be operated. The Federal Communications Commission does have the power to tell conventional television and radio stations what they may and may not do. Licenses to run a TV station may be taken away from those who violate certain cardinal FCC creeds—such as the fairness doctrine, providing equal time for the expression of opposing opinions and so forth.

At the moment no such sword hangs over the head of a CATV operator. At the present stage of the game it does not matter too much since most CATV systems content themselves with bringing established TV stations into the home with better reception. But the future importance of CATV lies in its ability to use all the spare channel capacity it now carries. The FCC has already directed all CATV systems with more than 3,500 subscribers to provide original programmes (and this also allowed them to carry advertising). In theory, this is precisely what the more ambitious CATV operators want. Their only form of income at the moment is derived from the monthly fees of their subscribers, which, in the early years, do not even cover the cost of putting up a system.

Few cable companies, therefore, make much money at the moment. They start coining it when public and private groups pay to use their channel facilities. Theoretically, this opens the possibility of great social benefit and profits at the same time. Minority and educational programming, both sorely neglected by the commercial networks, could be provided at relatively low cost at local level. Local business interests, unable to afford commercial TV time, could find it cheaper to use cable channels. The two-way capability that Rediffusion International is developing on Cape Cod (outlined in the article of July 19) has even wider potential. The

U.S. could indeed in a few years become a nation wired for pictures, just as it is now wired by telephone for sound, and anybody in on the ground floor, to wit, the cable television companies, could be in a position to benefit hugely.

Two immediate problems present themselves. The first is that public and private groups have so far been slow to come forward and ask to use CATV channels. The revenue bonanza, therefore, has not been forthcoming. The two Manhattan cable operators, for example, do provide their own channels for viewers, most CATV operators have no special desire to get into the business of broadcasting per se, since their prime job is to provide the facilities. The second problem is somewhat in contradiction to the first: it stems from the legal issue of who should be responsible for the content of the local programming appearing on CATV.

Should the operator be liable for the consequences of defamatory statements expressed by those using his facilities? Given the proclivity of Americans to sue, and for vast amounts, this is no idle issue. But if the operator does seek to control the content of what goes over his channels, would this not make him like all the current operators of American TV stations, afraid to offend and unwilling to experiment with what ought to be a new and vital means of reaching people who are not now reached? These are still undetermined issues.

There is one solution that could help solve many of CATV's problems, though whether it is the right one is a matter of intense debate. This would be to classify the CATV industry, like the telephone, as "a common carrier," or, in effect, a public utility. If this were to happen—and the FCC will give some hint of its thinking on this within the next few weeks—the rates that CATV operators could charge for the use of their facilities would be regulated, as would the return they could make on their investments. Their services would be open to all and they would exercise no discretion over the service that goes

over their wires. They would be obliged to maintain certain minimum standards and would not be permitted to do what critics of the broadcast industry allege it has done: grow rich by providing service only to communities where high profit beckons.

It is this prospect that is most upmost in the minds of those with stakes in cable television. These groups are numerous. There are the independent CATV operators, large and small, the telephone companies who make up the Bell system, who have tried to put their positions by investing in CATV, the broadcasting companies, who made an early play to corner the CATV market that constitutes such a potential threat but whose ownership is now circumscribed by the advertising industry—the mail order business which can be completely transformed; and since the market is nothing but saturated yet, the potent investors.

Salvation

Generally speaking, the independent CATV operators tend to be afraid of the FCC and, therefore, of common carrier status which would entail FCC control. They feel that the FCC is too much in sympathy with the telephone and broadcast interests whose livelihood seems most threatened by the call. There is reason to suspect their fears have been exaggerated. There may, however, be more justification in the belief that it is still too early to assign CATV common carrier status, since it can be argued that no one is yet sure how profitable the cable can be at therefore what might constitute fair rates and fair profits cannot be ascertained. They also argue that the broadcasting industry, though regulated, has evolved without acquiring common carrier status and that, at least, CATV should have the same chance of working out its own salvation, bringing together the interests, particularly those of established broadcasting, which are at the moment chary of the system.

PORTER NAMED TO VIETNAM POST

WASHINGTON, July 28.

PRESIDENT Nixon today formally named Mr. William J. Porter as the new chief U.S. delegate at the Paris peace talks. Mr. Porter, now the U.S. ambassador to South Korea, replaces Mr. David Bruce.

Until Mr. Porter assumes the Paris post, negotiations with the North Vietnamese and the Vietcong will be handled by the senior U.S. adviser, Mr. Philip Habib. Reuter

Venezuela gas plants

BY OUR FOREIGN STAFF

VENEZUELAN GOVERNMENT plans for two liquid natural gas projects, at Puerto la Cruz and Lake Maracaibo, should be completed by the end of this year, a Venezuelan embassy official said yesterday. The Government is currently costing the plans, involving construction of two new liquid gas production plants and considering the award of construction contracts, the spokesman said.

CUBA NICKEL INDUSTRY

HAVANA, July 28.

PRIME MINISTER Fidel Castro said here Cuba's nickel industry was facing problems due to outdated equipment. Nickel Cuba's second most valuable export next to sugar and Dr. Castro said nickel production was facing limitations because of technical resources for modernising equipment was not easy within the country's reach. He did not reveal this year's figure for nickel production. Reuter



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Export News

CJB back in pipeline talks

By Richard Johns

EGYPT has invited Constructors John Brown to resume talks on participation in the Suez-Mediterranean pipeline, following a virtual rupture in negotiations last week.

Last night the two company representatives, who left Cairo on Friday, were on their way back to Egypt in response to the Government's overture.

CJB is now being asked to tender for a portion of the pipeline itself, involving about 8m. worth of business. The negotiations that broke down last week were concerned with the tank farm at the Mediterranean terminal. The Egyptian Government did not meet the company's minimum requirements.

Involvement of British companies will be necessary if the Egyptian Government is to mobilise the £12m. worth of U.K. finance that the Export Credits Guarantee Department is prepared to cover. It is understood that Egypt will need the British money if it is to obtain the £235m. or so foreign exchange needed for the project.

There is still a considerable shortfall in the amount secured—possibly as much as \$50m.

Other U.K. companies taking part in the negotiations are Dunlop, for the housing at the loading terminal, and Motherwell Bridge, for storage tanks. Mitchell Construction has now apparently dropped out of the running.

E. European orders for EMI group

POLAND and Hungary have ordered over £30,000 worth of computer peripheral equipment from SE Laboratories (Engineering) Limited, an EMI subsidiary.

Six type 104 and 1088 video display units have been ordered by the Polish buying agents, ERA, of Warsaw, for computer development work. The British equipment is to be used for editing and feeding data into small prototype computer of Polish design.

The Hungarian contract is for three SE 1088 video terminals which are being supplied to the Institute of Physics in Budapest.

Another EMI company, Recording Designs, of Camberley, Surrey, will supply card readers and cassette tape recorders in operation with the Polish video terminals. Other ancillary equipment will include hard copy print-out facilities provided by teletype machines.

The larger order was obtained after a Polish delegation had visited EMI stands at the IEA and Computer '70 exhibitions last year and obtained first hand experience of the SE equipment.

Irish linen

EXPORTS of Northern Ireland linen goods totalled almost £12m. last year, slightly less than in the previous year, it was stated yesterday. The U.S. continued to be the principal market, although purchases were down. However, there were significant increases in sales to a number of European countries. Italy's total rose from £978,000 in 1969 to more than £1.2m., and Belgium also bought more linen goods than in the previous year.

Four million U.K. oysters shipped to France

BY KEN GOFTON

SOME 4m. to 6m. young oysters, British born and bred, are being shipped to France this summer to help restock oyster beds which have been decimated by disease.

The sales represent a marketing breakthrough for the Poole Oyster Company, which was taken over by the Anglian Food Group last autumn.

For while the company had believed that there would be a ready market in the U.K. for young oysters, it had thought that it might take another five to ten years to convince the French of the viability of hatchery-reared oysters in view of the greater predictability of the natural "spat fall" in a warmer climate.

According to Mr. Ernest Cantle, managing director of the Poole Oyster Company, and technical director of the Anglian Food Group, the demand from France is likely to be a continuing one.

Production at Poole is currently on a pilot-scheme basis, but the group is now pressing ahead with plans to build a commercial hatchery in the autumn, at a cost of about £50,000. The planned capacity of this new hatchery has already been doubled, from 40m. to 80m. oysters a year.

Most of the oysters being sold

to France are of the Japanese or Pacific type, *crassostrea gigas*. These have the advantage of growing very rapidly to marketable size, but they do not breed naturally in European waters. Moreover, it is suspected that infected stock from Japan has been responsible for the spread of disease in the French oyster beds.

So anxious are the French to restock that they are buying whatever is available, and this means in many cases Poole is having to release oysters at an earlier stage than it would prefer.

"We would prefer to sell them at finger-nail size, but we are being pressed to release them much earlier, at a stage where you get 6,000 of them to the kilo," said Mr. Cantle. "Although we are stressing that the survival rate will be lower, this is a risk the customers are willing to take."

He estimated the value of export sales this year at about £6,000. If it had been possible to wait until they reached 2 gm. apiece, the value would have been more like £12,000. The oysters are shipped to France on wickerwork packed with seaweed or brine-soaked wood shavings.



Mr. Ernest Cantle, managing director of the Poole Oyster Company (right), inspects a nursery tray containing 7,000 young oysters.

BICC claims world first with U.S. rail contract

THE EAST Erie Commercial Railroad, of Erie, Pennsylvania, has awarded a contract to British Insulated Callender's Construction Company (Balfour Beatty Group of BICC) to build what is claimed to be the world's first stretch of 50 kV overhead catenary equipment for rail electrification.

Announcing this yesterday, BICC said that the installation would be 3.4 miles long and would demonstrate the various features of the overhead catenary system. The equipment has been developed from the 25 kV system designed for British Rail. This is the first contract to emerge from three feasibility

studies which BICC announced some time ago it was carrying out for North American railway companies. The value of the order has not been revealed.

U.S. interest in rail electrification is stimulated partly by pollution considerations, but even more by economics. If the hard-pressed railway industry can be convinced that there are savings to be made by switching to electrical power, it will certainly want to make the change. A 50 kV installation is required because of the much bigger freight trains operated in the U.S.

Erie Commercial Railroad's principal track will be equipped for the testing of loco-

motives and high-speed transit cars by General Electric's transportation systems division at Erie. AC and DC currents will be provided for.

Installation will be supervised by BICC Construction Company and completed by the end of this year. Delivery of transit cars starts early next year, after which the line will be in constant use.

BICC Construction Company has worked closely with General Electric, which has established itself as a leader in electric traction for North American railroads, on electrification studies over the past few years. The upgrading of the test facility at Erie is a result of those efforts.

Mining 'growth market' in B. Columbia

Financial Times Reporter

IN URGING British industrialists not to ignore export prospects in the Canadian province of British Columbia, the Government magazine Trade and Industry says today that the 2m. inhabitants enjoy a standard of living rarely surpassed in the western world.

Mr. C. C. Clemens, principal British Trade Commissioner in British Columbia, says that the Gross Provincial Product last year was estimated at over \$4,200 per head of population. Well in excess of the figure for Sweden, for instance.

The market for consumer goods is broadened by the province's tourist trade. No very clear figures appear to be available of the numbers involved—the figure is put at between 2m. and 5m.—but more specific is the information that about 1m. cars entered British Columbia from the U.S. in 1969.

The province is also highly dependent on its raw materials industries, which provide an opportunity for British equipment manufacturers. Over 7,000 boats are employed in the fishing industry. There are over 20 pulp and paper mills, and more than 30 active mines.

Mining, in fact, is considered by Mr. Clemens to be the province's most important growth industry. The resurgence of mining activities, he says, is based largely on the development of open workings on a large enough scale of permit profitable exploitation of relatively low-grade ores. This technique is being used also for coal, although some projects still at the planning stage may use underground mining techniques.

"Many of the projects depend on long-term contracts with Japanese interests. The most important of these relate to the mining of coal and copper concentrates, but there is important production, actual and impending, of other minerals including molybdenum, silver, cadmium, lead and zinc.

Capital sums committed to new mining projects under way or those firmly planned amount to nearly \$500m., and other schemes still at a preliminary planning stage could increase total investment by a further \$500m. during the next five or six years."

Government aid for exhibitors

DETAILS of four overseas exhibitions in which the Government is providing assistance for British participants were given yesterday by the Department of Trade and Industry.

The Department announced that it was collaborating with the Scientific Instrument Manufacturers' Association in organising a joint venture participation at a specialised exhibition in Moscow from September 28 to October 8. The exhibition is concerned with instruments for scientific research into the strength of materials and structures, and it is expected that about 13 British companies will take part.

Next month in Sydney there will be a similar joint venture display at the International Trade Fair. The DTI is collaborating with the London Chamber of Commerce and some 16 companies are expected to be represented. They have been allocated exhibition space totalling 9,000 square feet. A much smaller venture will be the joint participation at the Prestressed Concrete Institute Convention and Exhibition at Los Angeles from September 19-23.

Dowty supports for Poland

DOWTY Mining Equipment is to supply the Polish State-owned mining industry with hydraulic-powered roof supports worth, initially, £1.6m.

The order, announced yesterday, was received from Contrap, a Polish purchasing agency, and is for a range of powered supports fitted with various types of control equipment for use in coal seams up to 10 feet 6 inches thick.

It takes Dowty export orders for mining equipment during the current year to around £5m. "This order from Poland follows hard on our recent export successes in Czechoslovakia and other European and American countries," said Mr. Steve Hinchliff, Dowty group director and chairman of its mining companies. The order underlines their growing penetration of the Eastern European market and is the culmination of two years' hard work by all departments of the company.

Collier's will be making a further export effort at the Men's Fashion Fair in Cologne in August. It has booked double the space it had last year because as a result of that participation exports to Europe in 1970 were increased by 50 per cent. The company will be making a special display of gabardine suits and blazers in soft colours.

Collier suits for Hong Kong

TEN THOUSAND pounds worth of lightweight suits have just been shipped to Hong Kong—which has a reputation in its own right for high quality tailoring—by the Hackney, London, menswear company, S. Collier.

The Hong Kong business started a few years ago when a local menswear buyer on holiday in London saw a Collier suit in a West End store. He liked it and next morning presented himself at the factory.

Mr. Gerald Greenfield, Collier's managing director, says that not only are the Group's exports to the Far East growing but there is a noticeable upswing in orders from all over the world. He is hopeful about resuming business with the USSR. Some years ago the Russians bought 45,000 topcoats and 15,000 suits from Collier.

Thirty per cent. of the company's turnover now comes from exports. Mr. Greenfield claims that the company's success abroad comes from the fact that it has always paid special attention to fashion.

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miCam

35th International Market of footwear, leather, allied products and machinery—Vigevano in MILAN on the grounds of the Milan Fair from September 2nd to 6th, 1971. INTERNATIONAL EXHIBITION OF FOOTWEAR, ALLIED PRODUCTS AND MACHINERY. Selected Italian products on display. Information: Segreteria Generale MICAM Via Ippolito Nievo 33 20145 Milano (Italy)

REPORT FROM SCOTLAND

BY ANDREW HARGRAVE

Ideas for profit growth

McINTOCK Moores and Murray is a management consultancy set up by a number of old-established firms of chartered accountants. Although it has grown into the largest purely Scottish-based consultancy, employing a staff of 40, over the past 13 years it has remained mostly finance and accountancy-orientated, although it half-owns a computer bureau. Yesterday it announced what amounts to a new departure: the formation of a subsidiary company, R. W. Kinnaird and Co., which will concentrate initially at any rate, on marketing.

Clear policy

At present the staff of the new company consists solely of 42-year-old Robert W. Kinnaird, an engineer by training, with ten years' experience as marketing manager of a West of Scotland engineering company and a further three as a marketing consultant. The company has a small Board comprising Mr. C. I. Buyers, managing director of McIntock Moores and Murray, who is chairman, another McIntock man, Mr. H. M. N. Hyslop, and Mr. Kinnaird himself as managing director.

Kinnaird's policy for prospective customers is clear, though the ways of achieving it are somewhat complex. It is profit growth within 12 months through more efficient marketing. With the present inflationary trend, management must plan for a pre-tax profit of at least 25 per cent. on capital employed. Kinnaird's own chart plotting of profit needs goes even further. On the basis of 10 per cent. annual inflation and allowing for Corporation Tax and expansion, he puts the figure at 34 per cent. to enable 7½ per cent. to be distributed. Anything below 20 per cent. he considers to be an actual loss.

But how to increase profits at this not altogether common rate? Kinnaird claims to have both theoretical and practical answers which he has tested in a number of projects in the past three years, ranging from engineering plant to paints and containers, to advertising, public relations and consultancy itself.

As a theoretical base for his fast profit-growth objective, Kinnaird constructed what he calls Strategic Focus Analysis, or SFA, for short. (It is perhaps a little unfortunate that these are the initials of the Scottish Football Association, none too popular with fans at the moment because of its dismal international record.)

The province is also highly dependent on its raw materials industries, which provide an opportunity for British equipment manufacturers. Over 7,000 boats are employed in the fishing industry. There are over 20 pulp and paper mills, and more than 30 active mines.

Mining, in fact, is considered by Mr. Clemens to be the province's most important growth industry. The resurgence of mining activities, he says, is based largely on the development of open workings on a large enough scale of permit profitable exploitation of relatively low-grade ores. This technique is being used also for coal, although some projects still at the planning stage may use underground mining techniques.

"Many of the projects depend on long-term contracts with Japanese interests. The most important of these relate to the mining of coal and copper concentrates, but there is important production, actual and impending, of other minerals including molybdenum, silver, cadmium, lead and zinc.

Capital sums committed to new mining projects under way or those firmly planned amount to nearly \$500m., and other schemes still at a preliminary planning stage could increase total investment by a further \$500m. during the next five or six years."

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growth in the marketing area," it may not seem to be too revolutionary or even original to some. What could make it so is Kinnaird's own highly individual and imaginative approach to the subject. For as in his past work—some controversial—he mixes mechanical models, charts and theories with psychology, motivation and quality. In short, he regards his brand of consultancy—despite all the aids such as computers, mathematical models, business schools, seminars and courses—as a creative art. His

ing exporters to task. He blames the low profitability of exporting companies on "marketing myopia" which results in stalling the export effort of funds because of low returns on domestic sales. Behind this myopia, he argues, is the engineer's fascination with the excellence of his product regardless of customer, or indeed market needs—something Kinnaird knows only too well from his own Clyde-side experience. He is also working on a study of industrial salesmanship. The preliminary



Mr. R. W. Kinnaird (left) and Mr. C. J. Buyers.

charts and instructions in the form of drawings are distinguished by the ideas they contain rather than their neatness and simplicity.

Vindicated

A couple of years ago he provoked the wrath of the then Scottish Painters and Decorators' Federation with a survey which declared the majority of the Scottish contractors to be unprofitable, inefficient, wasteful in terms of both outlay and human resources, and woefully short on skilled marketing. He claims to have been triumphantly vindicated by a more recent survey carried out for the U.K. as a whole on behalf of ICI, which may well become a blueprint for future action.

Kinnaird's findings, by the way, carry an important lesson for Scotland, where winter unemployment is a chronic problem. This, he says, could be considerably reduced by better management.

Another topic which has engaged Kinnaird's attention for some years has been industrial advertising. He has produced a survey to demolish, several widely held beliefs about the most profitable use of advertisements in terms of timing, placing, frequency and their role in support of sales campaigns. The impact of the survey surprised even Kinnaird, and he is now working on a profit improvement plan for business journals.

In a third, as yet unpublished paper, Kinnaird takes engineers' results do not appear to be too encouraging. The association with McIntock Moores and Murray will provide Kinnaird with the financial expertise and consultancy facilities he needs to plan rapid profit growth for his marketing clients. At the same time, as the head of a separate organisation, he will be able to plough his own distinctive, and at times unconventional, furrow.

Starting point

Mr. Buyers has little doubt about the potential of McIntock's new marketing subsidiary, or indeed of Kinnaird himself. He is, says Mr. Buyers, "One of the few marketing men I have met who really understands industrial marketing. He has the enthusiasm to awaken the potential which still exists in Scottish industry."

Mr. Buyers is rather seething about the state of marketing in Scotland. "There are still too many companies struggling with problems of their own creation instead of taking time to consider what is the underlying purpose of their business. They have not developed a marketing attitude. They are missing the point."

In this, Kinnaird fully concurs. He has set out to discover the reason why so many companies are "missing the point," and indeed "what the point is. Often what the customer really needs is rather different from what he thinks he needs, he says. Which is as good a starting point for the quest as any.



ARNOLDO MONDADORI EDITORE

S.p.A.—Head Office: Via Bianca di Savoia 20, Milan

Capital: Lit. 6,325,000,000

Law Courts Registration no. 19.587

ANNUAL GENERAL MEETING OF JULY 22, 1971

The Annual General Meeting of ARNOLDO MONDADORI EDITORE S.p.A. was held in Milan on July 22, 1971, under the Chairmanship of Cav. del Lav. Giorgio Mondadori to approve the Report and the Accounts for the financial year ended March 31, 1971.

REVIEW

The Report of the Board of Directors illustrated the following facts:

- Total turnover for the year under review amounted to Lit. 70,882 million (+7.9%);
- Exports (already included in the total turnover) totalled Lit. 11,687m;
- Profits amounted to Lit. 567m;
- Industrial investments for the year under review amounted to Lit. 2,742m;
- Fixed Assets in machinery amounted to Lit. 22,615m;
- Ordinary depreciation for the current financial year totalled Lit. 1,220m. The Depreciation Fund reached Lit. 16,010m;
- Reserves shown in the Accounts at the end of the financial year were Lit. 5,286m;
- Personnel employed by the Company at March 31, 1971 numbered 5,331 (+6.8%). Total cost of personnel amounted to Lit. 21,935m. (+20%).

DIVIDEND

The Meeting approved the Report, the Balance Sheet and the plan for the distribution of profits proposed by the Board which anticipated, apart from the statutory allocation to the Legal Reserve and to the Board, the allocation to profits of Lit. 225 million from the Dividend Equalisation Fund Reserves, thus allowing the distribution of a dividend of Lit. 100 for each of the 3,675,000 ordinary shares (equal to 10 per cent of their nominal value), and a dividend of Lit. 120 for each of the 3,150,000 preference shares (equal to 12 per cent of their nominal value).

The Meeting fixed the number of members of the Board of Directors at nine and did not then make any new appointments.

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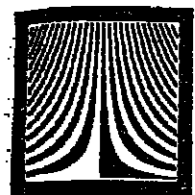
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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

LIGHTING

Computer comes to the theatre

ONE of the problems of lighting a performance in the theatre or in a television studio is that although there must be full facilities for pre-programming a lighting sequence in terms of intensities, durations, fade rates and so on, there is also the need to override and possibly even replace future lighting "plots" while the present scene continues in real time, and is perhaps itself needing modification.

Already lighting "plots" can be recorded using magnetic core stores so that operators do not work to complicated lists of light controls, but call up cue numbers on buttons pressed at the appropriate moment.

Such systems, however, once designed for particular characteristics, are permanently wired in and they lack flexibility.

This week, Rank Strand Electric, of King Street, London, W.C.C. 3JH, has launched what it claims is the first U.K. computer controlled theatrical lighting system. It uses a PDP11 machine from Digital Equipment Company in conjunction with magnetic core and cassette tape storage.

The operator initially selects lighting arrangements from a large push-button light selection matrix for each cue point throughout the performance and enters them on a function panel.

There are two of these, so that he can be used in real time, with the other able to be used for entering other plots into the system for use at other times.

Known as the DDM system (digital dimmer memory) it has



Rank Strand System DDM computer-controlled instant dimmer memory. Individual controls for the 240 channels are seen under the operator's left hand on the wing. Dimmer memory controls and numerical selector to break sequence are on the left of the desk and the playback controls are beneath the operator's right hand.

the important advantage that the general character of the lighting control for a particular theatre is dictated by software rather than wired components.

But the main advantage to the user is in terms of flexibility. For instance, the two function panels enable different cross fades to occur simultaneously, with fading times ranging from one

second to 60 minutes. Furthermore, individual memories can be added or subtracted so that scenes can be prepared as a composite build of any number of memories.

The operator can readily modify existing lighting levels yet he is constantly guided in his actions by comprehensive mimic facilities and the ability to turn

easily to the original unmodified state.

The computer operation involves the handling of many "files" of memorised lighting. The high degree of man/machine interaction permissible with DDM means that files must be easily modified but that manually defined changes must be signified by means of appropriate mimics. Consequently much of the computer's operation is concerned with the retrieval, modification and sorting of files of data.

The current system has been built to control 240 ways but the design is expandable up to 360 ways.

Samuel Registrars, has been set up to operate the new system. Among the 180 companies for whom it will provide a registration service are Bass Charrington, the Beecham group, BICC, Great Universal Stores, Hoover, the Rank Organisation and United Drapery Stores.

Hill Samuel is also developing an optical character recognition capability so as to be able to dispense with punched cards.

PRODUCTS

Diffraction camera

A NEW Guinier camera has been introduced by Pye Unicam of Cambridge. Known as the XDC-700, it is manufactured by Incentive Research and Development of Bromma, Sweden and will be marketed as an addition to the Philips line of X-ray diffraction cameras.

The heart of this camera is the X-ray monochromator. The XDC-700 is supplied with two Johansson type quartz monochromators, one for copper and one for chromium radiation. The quartz crystals are machined using a special high-precision technique

developed by Professor Hagg, the designer of the camera. Changing from one wavelength to the other can be performed very rapidly by changing the monochromator holders and repositioning a sledge and a micrometer screw.

The whole camera is enclosed in a vacuum box with a beryllium window. The film cassette has a diameter of 100mm, giving a dispersion equal to that of a Debye camera with a diameter of 200mm.

The camera is supplied with a scale print unit. This prints a high-precision 0.1 mm. division reference scale into the exposed film strip before development, which facilitates the evaluation of the diffraction pattern and gives automatic correction for film shrinkage.

MACHINING

Innovations pay off

TURNOVER of Sandvik U.K., the British end of the Swedish-based international steel and industrial group, is expected to reach a record level in the current year despite the present cut-back in industrial investment.

With a work force of 600, the U.K. company has a current turnover of £10m, giving it an earnings per employee ratio roughly double that of the group as a whole. This success, according to managing director Mr. Peter Wickert, is due largely to the technical innovations that are a feature of the company's operations, coupled with management techniques that are constantly being re-examined and updated.

As an example of the way that technology can improve a company's trading figures, he quoted the gamma-coated tungsten carbide tipped tools that the company manufactures. These will give wear improvements of the order of 300 per cent, while commanding a premium of 20 per cent over ordinary tools of the same type.

As this is the company's centenary year in Britain, Mr. Wickert pointed out that during the last hundred years development had been based on a high degree of specialisation, although in many different fields. Initially, the company started in Sweden, to make steel by the Bessemer process, and had always avoided the temptation to become involved in general purpose manufacture.

In Britain, this has meant a high degree of concentration on improving the qualities and ease of replacement of metalworking tools, but it is also evident in the company's range of cutters for other industries and in the fabrication of wear parts for different applications.

During the last two years the company has set up a plant at Acton, in London, for making cemented carbide parts of all kinds, while at the same time warehousing facilities at Halesowen have been almost trebled.

Over the past five years, the Sandvik group has consistently devoted between 10 and 12 per cent of revenue to research and development in all its fields of activity, including work on new types of saw blades that are said to give the advantages of high-speed cutting, long-life, and high resistance to breakage.

Thin blades solve many problems

COST savings of up to a third on thin knives used in working cutters are claimed for the Fine-Nite technique recently introduced by Wadkin of Green Lane Works, Leicester.

In addition, the company claims, in certain cases, better finish at lower rotational speeds but at feed speeds some 50 or 60 per cent higher than with conventional knives. Balance problems and sharpening are also greatly reduced, in the first case because of the lower rotating mass, and secondly because the edges can be trued and sharpened while the cutterblock is being rotated.

The knives used in the Wadkin system are only 0.7 mm thick, held in the block between a retaining wedge and a backing piece. This in turn is precisely located radially by a slot engaging on two pegs.

Projection of the knife edge beyond the cutter face is controlled by adjusters and the distance easily set by a simple gauge. Accuracy on this dimension is said to be a major factor in securing an exceptionally clean finish, particularly on woods with curly grain.

Again, because of the very small overhang of the blade there is less chance of the edge being damaged by chipping. The overhang, between 0.5 and 1.5 mm, also reduces wear when working gritty timbers.

Although the blade is easily adjusted or even replaced, experience has shown that the edge can be resharpened up to ten times before adjustment becomes necessary.

ANDY McLEOY

PROCESSES

Perfume in print

"SUCK it and see" used to be the message now it's "scratch it 'n' sniff." The process of micro-encapsulation of fragrances as applied to printed advertising is fairly well known. Two large American companies, NCR and 3M, are now established in this field.

But now a British system of applying fragrances and flavours to advertising literature, based on a different process, has been announced by Croda International, the chemical company well known for its gelatin manufacture, and Wess Pritchard and Co., a specialist offset litho printing concern.

Just about a year ago Mr. William H. Wess, managing director of the printing company, approached Croda's technical director, Dr. W. M. McKernan, seeking information on this subject.

The ensuing process is based on some earlier development work of Croda's concerning a highly specialised gelatin known as Crotein. Liquid fragrances blended with a solution of Crotein at a temperature of under 25 degrees C result in a fine emulsion.

In order to make a powder, this emulsion is first subjected to a pretreatment to impart moisture resistance to the capsules and is then spray dried. In effect, each particle of the powder consists of a core of the fragrance encapsulated in a dry Crotein wall.

Croda's process requires only

gelatin and other polymers, like gum acacia, are not used. Capsules containing up to 50 per cent by weight of fragrance are claimed for this process as against the 25 per cent. All more common with conventional spray-dried processes.

With the information obtained by Mr. Wess, his company developed a dry system of applying the micro-capsules during the printing process. In fact the normal colour lithographic process is completed and then an adhesive is applied to the precise area to be treated.

Fragrant powder

The fragrant powder is then applied to the adhesive and once any excess is removed by partial vacuum, a layer of one capsule thickness results in about 8m. capsules covering each square inch.

This process was first used by Elida-Gibbs (a Tailleur company) in publicising its latest deodorant "Shield". Almost 5m. leaflets were distributed through household letter boxes inviting the recipients to "scratch 'n' sniff" the actual perfume used in the deodorant.

Of course, this form of advertising is most appropriate for perfume goods, foods and drinks, but so far experiments with coffee, peppermint, pineapple and pine have also proved successful.

In the case of the Croda/Wess process, it is the printer who is responsible for marketing the

service, unlike previous experiments, where the micro-capsule makers themselves have undertaken the job.

A five-year exclusive agreement has been reached between both companies. Croda not only stands to benefit from its royalty agreement, but more, in fact, from the sale of its raw material Crotein.

Other areas where Croda hopes to exploit the process of micro encapsulation of aromas and flavours include abrasive cleaners and detergents, where the harsh bleach compounds attack perfumes. Also, in the food industry, where the process can be used to introduce flavours like ginger and cinnamon into biscuits and cakes, for example.

For its part, Wess Pritchard is about to circulate various companies likely to be interested in this technique with a brochure describing the process, which it is calling Aromacolour.

MARTIN ROUTH

Continuous filtration

LATEST addition to the liquid/solid separation equipment, manufactured at Colchester, Essex, by the Paxman Process Plant Division of English Electric Diesels is a rotary vacuum filter which combines continuous belt discharge with continuous belt washing. This provides an efficient method for discharging the filtered cake from slurreries which are difficult to separate by other methods, says the company.

Manufactured in sizes from 3

to 700 square feet, the principal advantages claimed for the filter are the substantial cost saving which result from fully continuous operation and high specific rates of filtration.

In water pollution control—a application for which the filter has been specially developed—chemically-conditioned sewage sludges can be dried at greatly increased rates of production.

The continuous filtration cycle is achieved by the use of a belt of filter cloth, fabric cloth or other suitable material dependent upon slurry, supported on drying drum which slowly rotates partly submerged in the slurry. A pump creates an internal vacuum which sucks the liquid through the filter medium leaving the solid in the form of cake on the surface.

Having passed around the drying drum, the belt separates from the drum and the solids are removed by a cake discharge roller prior to the belt passing through a water spray for cleaning before rejoining the drum; the start of another filtration cycle.

With continual washing in this manner, blockage of the filter surface is eliminated. The filter is thus particularly suitable where the cake is of a sticky or clogging nature.

Precision filters

TO MEET increasing demand from industry for precision air for use with air bearings, J. Goulder and Sons, Kirkcaldy, Fife, have introduced two new air filtration units.

The company, which makes a range of air-bearing-based roundness and cylindrical form measuring instruments, has designed the new units following extensive research into methods of air filtration, in addition to a manually-operated air filter box. Goulder has produced what is believed to be the only commercially available automatic air filtration system.

For optimum performance the clearance between the rotating members of the air bearings, in both size and geometric form, is only millionths of an inch. The smallest dust particle can prove disastrous and for this reason the air supply must be filtered.

Both the new units use a series of filters for this purpose which do not allow a particle greater than one micron (40 micro-inches) to pass through the system.

When an air bearing spindle is motorised it is essential that the motor's power supply is switched off if the air supply fails. The automatic filtration unit has a built-in power supply to the motor which cuts off the current automatically when the air supply fails. If filter elements become clogged and air pressure drops by 10 psi, the electrical supply is again switched-off automatically. A built-in system of warning lights inform an operator of impending shut-down.

Moisture filtration is coped with by a cyclone filter but in cases of air lines with high moisture content, Goulder recommends additional filtration or an air drying system.

DATA PROCESSING

Shareholder records on microfiche

employing microfiche technique, Hill work from Hill Samuel's 1,400,000 shareholders will occupy the space of only a small book—27,000 times less in the card register filing system currently used at Hill Samuel.

This is the first merchant bank to use microfiche for its registration work and it is spending £100,000 on equipment for a further £100,000 on development costs to bring the system into operation in the Spring of 1972.

Microfiche recording and back-up equipment is being supplied

by Datagraphix of Windsor and will work from Hill Samuel's GB425 computer, which will print on to one postcard size piece of microfiche—a microfiche—the summarised details of 6,000 shareholders' accounts in over 200 one-page "takes".

Using a grid reference controlled reader, the index "take" on each fiche, access to the account of any shareholder can be achieved in seven to ten seconds, and Hill Samuel says the system will enable it to take on an increased number of clients and at the same time update share transfers faster.

The summary register, revised daily, will be supplemented by a full register put out regularly by the computer on to a total of 85 microfiche cassettes, also capable of very rapid access to shareholder information.

A new company, called Hill

BAKING

Mechanising the bakery

RELATIVELY few engineers have turned their attention to the medium and smaller units in the baking and confectionery industry, although in others they far predominate, enterprising small company has set its sights at this. It is Mateline Automation, Tedditch, Worcs.

Mateline's speciality is mechanising making of pastry shells for pies and it has now turned attention to making custard shells with an automated line suitable for mini pork pies, ice pies and jam tarts.

Answering a problem from Ferraris Bakery, Hirsau, which has 14 retail outlets in South Wales and also supplies other retailers, Mateline devised a special purpose machine which, says Ferraris, makes as many custard tart shells with two operators working for three hours as it took six a full eight hours shift.

The machine automatically dispenses foil into a duplex conveyor track that travels beneath a duplex dividing mechanism accurately dispensing paste into each foil. The conveyor then moves under duplex baking dies in which the shells are formed. The two operators load tart shells on to trays in preparation for baking and also maintain supplies of foils and paste.

PETER CARTWRIGHT

LEAD AND ALLOYS (HOLDINGS) LIMITED

Miles Elton, Chairman, reports on 1971-

* Trading and manufacturing profits exceed those of any earlier year except the last one.

* Substantial fall in metal prices and lower demand due to mild winter affected results.

* Major development at the London Works will increase smelting capacity and lessen effect of rising costs.

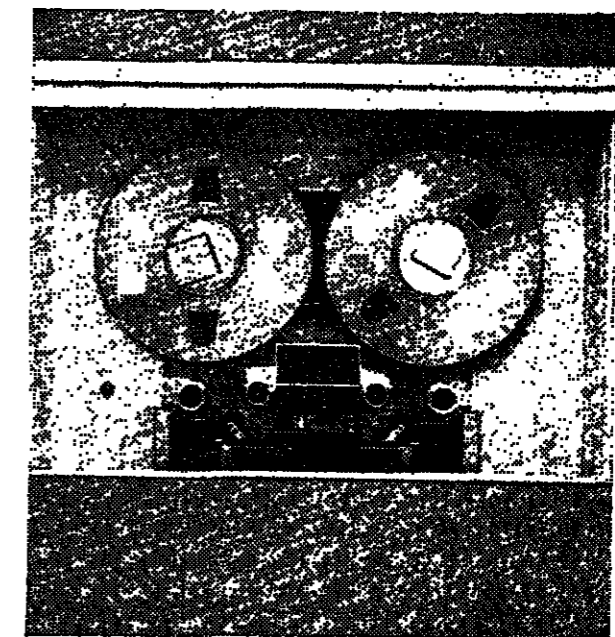
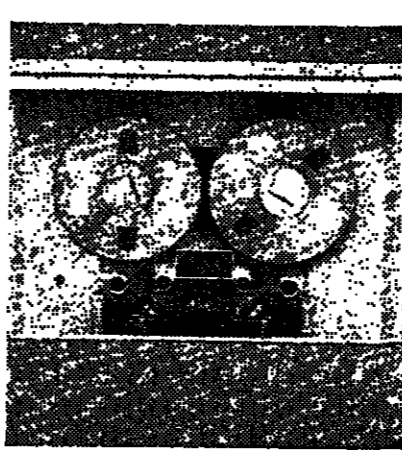
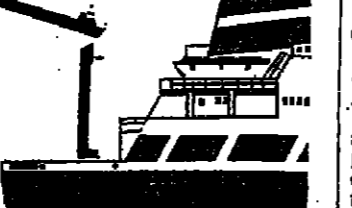
* This new development expected to make material contribution to profits in year commencing April 1972.

| YEAR ENDED 31st MARCH | 1971 | 1970 |
|--|-----------|-----------|
| Group Profit on Trading | £ 336,077 | £ 416,227 |
| Group Profit for the Year | 305,577 | 459,127 |
| After accounting for loss (profit) on loan price | | |
| Taxation on Profits for the Year | 111,480 | 209,775 |
| Dividends (Gross), of 40% (36%) | 100,000 | 90,000 |

Copies of the Report and Accounts may be obtained from The Secretary, Lead and Alloys Limited, Harrow Moorway, Abbey Wood, London SE2.



MANCHESTER LINERS
CONTAINERSHIPS
bring conveyor belt regularity to shipping
TWICE WEEKLY SAILINGS TO CANADA & THE U.S. GREAT LAKES



YOURS v. OURS

Seemed to be the answer to your problem 2 years ago, didn't it?

Looked to have a big enough capacity then, and it certainly cost you money, didn't it?

And on the face of it, all you have to do now is to enhance it or buy or rent another one.

It will certainly cost you more money and will it even then give you real value? Will it be big enough again for your requirements in 2 years time?

You have another problem. So—put it on Computer Power and be a forward-looking company.

Computer Power offers you a big saving in systems and operating manpower, and of course, on the cost of buying your own hardware.

This means a saving in real money. Moreover Computer Power will give you improved facilities for planning ahead against a decreasing clerical labour force.

Contact your nearest branch of Computer Power and test out one of your programs or a job on our 1900's and 360's free. We will give you a price there and then.

What could be fairer than that?

You'll also enjoy the advantages of Computer Power's long experience—over 14 years—in the implementation of systems for industry. Plus a range of completely flexible services provided through first-class hardware and software.

Check the real economies of using Computer Power through your local branch of our nationwide network.

Head Office, NCB Computer Power, Cannock, Staffs. WS11 3HZ. Telephone: Cannock 2581. Telex: 339638.

Cannock D. Black. Tel: Cannock 2581. Telex: 339638

Doncaster L. Vickers. Tel: Doncaster 66611. Telex: 547125

Edinburgh W. Penman. Tel: 031 443 5391

Gateshead G.A.D. English. Tel: Gateshead 87882. Telex: 53250

Leighton W. A. Downes. Tel: Leigh 72404. Telex: 67575

Mansfield G. F. Wood. Tel: Mansfield 26981. Telex: 37341

Tredmen W. I. Davies. Tel: Hengoed 2351

Training School E. Wile. Tel: Cannock 2581. Telex: 339638

CP COMPUTER POWER
A complete business service

A member of Computer Services and Bureau Association

ANNUAL STATEMENTS

W. & J. GLOSSOP LIMITED
SUBSTANTIALLY HIGHER
EARNINGS

The 36th annual general meeting of W. & J. Glossop Limited was held on July 28 at Hatfield, Bedfordshire, when Mr. V. C. JONES (the Chairman) presiding (an extract from his circulated statement:—

Whilst we were faced with ever increasing rising costs, highly competitive conditions and a restricted volume of available work in the year under review, it is my pleasure to report a substantial increase in profit—the highest for the last five years.

The Group accounts for the year ended 31st January 1971 show a profit of £243,451 before taxation compared with £194,926 for the previous year, a satisfactory increase of 25%. Corporation tax at 40% amounts to £97,381, leaving a profit of £146,070 for the year. Selective Employment Tax additional to Corporation Tax has again taken some £18,500 of the earnings compared with £72,000 last year.

The Directors recommend a final dividend of 12½% plus a bonus of 2½% which will make a total distribution for the year of 15%, an increase of 3½% on last year, the cover on the dividend this year being 1.33.

Turnover of the Parent Company does show an increase of some 5% but Trading Profit is only marginally up, whilst depreciation charged for the year is some £5,500 higher. To achieve these results in a year of abnormal inflation, and with fixed price contracts imposed upon us, must be considered satisfactory, which again emphasizes the advantageous nature of our spread of activities and specialised operations.

Subsidiaries

Our subsidiary Company, S. Sutcliffe & Son Ltd., again made a satisfactory contribution to the results. Rowley Plant Co. Ltd. has this year returned to something more like its normal profitability and has made a useful contribution to the profits of the Group. Allisgins Ltd., our Road Directional Warning and other Signs manufacturing Company has substantially overcome its difficulties of last year, and whilst not making any contribution to the Group profits, was not the unfortunate drain upon these, as was the case last year.

Current Conditions

With regard to the current year, rising costs and highly competitive conditions still obtain.

Every effort is made to anticipate and combat such an inflationary spiral, and its effects upon profit margins. The reduction made in Corporation Tax and the halving, from July of this year, of Selective Employment Tax are welcome gestures. We look forward to the day when the remaining 50 per cent. of the Selective Employment Tax will be phased out. Under these inflationary conditions the Government insistence upon 'Fixed price Contracts' for a period up to two years is an unreasonable demand to make upon our particular branch of industry, particularly so, when all those associated with such industry, some of them State controlled, are at liberty to increase prices as and when they consider fit. Strong representations are constantly being made against this iniquitous position but so far without avail at this early stage.

Forecasting, under prevailing conditions would be misleading. I can, however, say that at the end of the first quarter of the current financial year, turnover of the Parent Company was up by 14% whilst the order book and forward work position was almost 50% ahead of the comparative quarter last year. The Rowley Plant Co. Ltd. and S. Sutcliffe & Son Ltd., are maintaining their progress of last year, whilst Allisgins Ltd., has turned the corner and is showing a small profit. These are early days but with the good start to the year's operations, the knowledge that our organisation can face up to difficult conditions, as demonstrated by the results achieved in the year under review it would not be too much to anticipate that this year will show some growth in turnover with maintenance of our profit margins.

Prosperous Future

The country's need for a Road system to cope with present and future traffic flow, together with the urgent need of adequate maintenance must, in the long term, foretell a prosperous future for our highly skilled and specialised industry. We are well equipped and geared to take full advantage of such a future.

Once again I would express my sincere thanks to my co-Directors, our Branch Managers, Staff and personnel for their loyal support and untiring efforts during the year.

The report was adopted.

Vehicle and General Tribunal of Inquiry
Premium level overtaken
by inflation

THE Vehicle and General Tribunal set up by Parliament to inquire into "a definite matter of urgent public importance" is hardly playing to packed houses.

Every morning the three-man tribunal, under the chairmanship of Mr. Justice James, takes its place on the dais at Church House, Westminster, to face a phalanx of counsel and solicitors and row upon row of public seats.

Interest in the proceedings since the excitement of the first few days when the tribunal examined the alleged leak of information has been minimal.

Yesterday only a handful of spectators came to listen to the cross-examination of a witness from the Department of Trade and Industry. They had the choice of any of 600 seats.

The lack of interest is understandable, because without access to what must be hundreds of documents available only to the parties, it is impossible to understand fully and follow the complicated proceedings. Nor is it particularly easy to hear, despite the thoughtful

provision of 40 microphones as acoustic aids.

Officials said they were unable at this stage to give an estimate of the cost of mounting the Tribunal, and they were anxious to stress that the number of spectators did not necessarily indicate the measure of public interest.

They pointed out that there was a considerable volume of hidden interest by policy-holders who would not necessarily bother to attend the hearings. The Press too, was keeping the public up-to-date, they said.

Yesterday—day 14—the effects of inflation on V & G were brought out when Mr. Michael Kerr, QC, a member of the Tribunal, questioned Mr. Cyril Homewood, an Assistant Secretary of the DTI.

Ultimate cost

He said that, early in 1971, V & G did an exercise which showed that the outstanding claims reserve was deficient by something of the order of £1m. and asked: "Assuming this to be so, how do you explain it?"

Mr. Homewood told him that one could only speculate, but he supposed the answer might arise

from inflation. He added: "We have been having reports recently from motor insurers in this country that they have been losing as much as 30 per cent. on their 1970 motor business."

A large element in this underwriting loss figure would be their estimation of the ultimate cost of settling claims still outstanding and, in part, their actual incurred costs of claims settled.

But the fact that this increase in cost produced a loss of that order was an indication of the extent to which the general run of the market premium level was overtaken by inflation.

A large part of the figure which had been mentioned could have been exactly parallel with that experienced in other companies, arising from the general market situation of inflation.

It was coming at a time after the end of tariffs in 1968 when the market became more competitive—and it was the worst possible time.

Mr. John Arnold, QC, for the tribunal, said this was a terribly important point which could affect the line of questioning. The inquiry continues to-day.

Another record in man-made
fibres production

BY JOHN TRAFFORD

PRODUCTION of man-made fibres in the first six months of 1971 reached another record despite an uninspiring performance in June, and a generally lower level of activity in the second than in the first quarter, according to the British Man-Made Fibres Federation.

Total output in the half year was 684m. lbs, an advance of 3 per cent. on the 667m. lbs. last year. The big gain was in continuous filament yarns, which jumped 8.5 per cent. to 312m. lbs. By contrast, staple fibre output dropped 1.5 per cent. to 372m. lbs.

Taking June by itself, total production was 115m. lbs. last year, with filament yarn accounting for 50m. lbs (48m. lbs.) and staple 50m. lbs (48m. lbs.).

Continuing past trends, the cellulose fibres (viscose rayon

and acetate) declined further. Cellulose filament yarn output in the second quarter fell to 46m. lbs compared with 54m. lbs a year ago, and staple fibre declined to 94m. lbs from 96m. lbs.

Mixed picture

Fully synthetic fibres—mainly nylon, polyester and acrylics—presented a mixed picture. Second quarter production of synthetic filament yarns reached 107m. lbs, compared with 95m. lbs last year and more than cancelled out the decline from 98m. lbs to 91m. lbs noted in synthetic staple fibres.

The figures underline the fact that the first quarter was exceptionally good in volume sales terms, and that adverse factors such as the delayed effect of the postal strike on mail order busi-

ness caused a decline in production in the second quarter.

The improvement in synthetic filament production is thought to reflect more buoyant conditions in the filament weaving and warp knitting sectors of the textile industry which make linings, lingerie, shirts, sheets and house furnishings. The continuing healthy state of the double jersey knitting trade is also helping synthetic filament yarn demand. But the synthetic staple fibre sector remains depressed.

Soviet five times stronger
in Med. over five years

BY JAMES McDONALD, SHIPPING CORRESPONDENT

THE QUESTION of who fears each other's navy the most—the U.S. or the USSR—is posed by the editor of *Jane's Fighting Ships* in the foreword of the 1971-72 issue, published to-day.

Mr. Raymond Blackman, the editor, suggests that the Soviet Union is just as concerned about a threat to her overseas trade and ultimate security, by the knitting together of NATO navies and the deployment of western fleets the breadth of the Atlantic and Pacific away from their homelands, as is the U.S. about the scattering of the Soviet Navy.

The USSR, he writes, now has a naval force in the Mediterranean five times stronger than five years ago to counter the presence of the American Sixth Fleet.

Mr. Blackman says the size and capabilities of the U.S. Navy continue to decline at an alarming rate.

The only category of warship in which the U.S. Navy maintains a decisive advantage is the aircraft carrier. "Yet this margin of superiority over the other super-power is narrowing as the number of attack carriers in commission is reduced."

Cruiser-carrier

If the U.S. was to maintain its leading position, increasing attack carrier strength must be considered.

Turning to the British Navy, Mr. Blackman says that, smaller though it was, the new style cruiser-carrier did not appear to be any less complex or cheaper. The first would probably cost £50m. "The constant fear of the Royal Navy is that it will price itself out of existence."

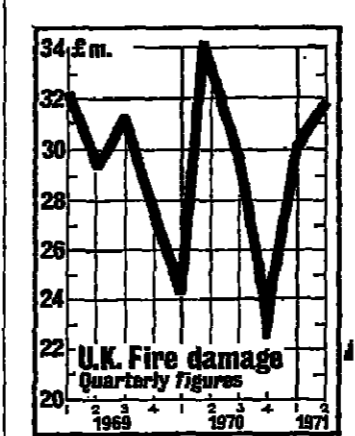
Mr. Blackman also points to the problems of sustaining the European ocean trade routes

Record
half-year
for fire
damage

FIRE DAMAGE in the U.K. cost a record £62m. in the first six months of the year, the British Insurance Association announced yesterday. The estimated total for the same period of 1970 was £58.4m.

Even a June total of £10.5m., which was £3.5m. lower than the figure estimated for June, 1970, was not sufficient to prevent damage rising to a six-month high.

The largest fire in June was in the Midlands and involved



£750,000 damage to a printing works and food packing warehouse.

Fires, each estimated to have cost about £500,000, occurred at a fibre spinners in the South West and a chemical works in North East England, and a Midlands car accessories plant.

Two others are estimated to have cost more than £250,000, and six between £100,000 and £250,000. These calculations represent material damage only and do not take into account disruption of business, loss of production or loss of exports.

Mr. Gerald Eastham, acting chairman of the Central Fire Liaison Panel, pointed out yesterday that the Government and fire authorities made an annual investment of more than £70m. in the Fire Service. Industry's full co-operation was needed to make that investment effective, since too many large fires indicated delayed calls to the fire services.

'Define policy on
research' call

BY DAVID FISHLOCK, SCIENCE EDITOR

DEEP CONCERN with the Government's failure to spell out a policy for civil research and development, coupled with indications that industry intends to cut back on longer term research, has prompted publication of two interim reports from the House of Commons Select Committee on Science and Technology.

These reports are based on evidence submitted in May by Ministers responsible for two different aspects of Government research.

Mr. David Price gave evidence on the Department of Trade and Industry's £174m. research and development effort, and Mrs. Margaret Thatcher on the £100m. effort by the Research Councils, funded by the Department of Education and Science.

Notice of intent

In publishing these reports, said Mr. Airey Neave, chairman of the Select Committee, it had given notice of its intention to pursue the matter of Government science policy with a full-scale inquiry in the next session of Parliament. The inquiry, he hinted, might open with a grilling for Mr. John Davies, Secretary for Trade.

Neither report offers any recommendations, but at a Press conference in London yesterday Mr. Neave said he believed if the Government delayed too long in taking decisions it would have an adverse effect on morale in the research centres. In the long term it could have a training effect on industrial research and development as a whole.

One thing especially that worries the Select Committee are indications, expressed recently by Dr. E. C. Woodward, University of Cambridge, that the Government is concentrating on shorter-term research.

"We are seriously concerned," says the report on Research Councils, "lest the present tendency of some sectors of industry to cut back on longer-term research may have damaging effects on future industrial development."

Where the previous Govern-

ment has wanted to pool Mintech's civil research forces into a single British Research and Development Corporation, Mr. Price told the Select Committee, present policy was first to scrutinise the programmes themselves.

About 80 per cent. of expenditure was on civil aerospace, nearly all for Concorde and the RB-211 engine, and another 25 per cent. on atomic energy, leaving £27m. for all other programmes.

His department, he said, was reviewing those activities programme by programme. It had inherited a summary of all opinions received on the proposal for a research corporation, and while there was "a good deal of respect for the analysis of the outstanding problems," the Government was not well disposed towards the solution.

Personally, added Mr. Price, he did not believe there was a universal answer.

No major announcement on its policy towards research and development should be anticipated, the DTI said yesterday.

Expert panel

In response to an earlier report of the Select Committee on population in the U.K., the Government has announced that a panel of Government and independent experts is being set up to study population questions.

The Select Committee had urged that a special office, directly responsible to the Prime Minister, should be established to prevent population problems becoming intolerable. But the Government did not think a new piece of permanent official machinery was the answer at this stage.

Chairman of the panel will be Mr. Richard Ross, an economist at the Cabinet Office.

Second Report, Select Committee on Science and Technology, Session 1970-71, Research Councils, SO, 35p.

Third Report, Select Committee on Science and Technology, Session 1970-71, Research Councils, SO, 35p.

Fourth Report, Select Committee on Science and Technology, Session 1970-71, Population of the U.K., SO, £2.40.

Terrorism: Belfast
team to press for
"tougher action"

BY OUR OWN CORRESPONDENT

BELFAST, July 28. Six leaders of a parade held place that is burnt, every newspaper picture of a riot may represent a job irretrievably lost.

Troops to-day continued their dawn raids with searches in the Falls Road area of Belfast. The uncovered a quantity of arms and explosives, including 20 detonators.

Meanwhile, the Ulster Loyalist Association, headed by the former Minister of Home Affairs, Mr. William Craig, dismissed suggestions that there should be a full time battalion of the Ulster Defence Regiment.

Internal security, said the association, should lie with a force under the control of the Northern Ireland Government. It renewed its call for reconstruction of the B Specials.

First Report, Select Committee on Science and Technology, Session 1970-71, Population of the U.K., SO, £2.40.

GERMAN BOOST
FOR N. IRELAND

Arnitz Belting, a West German company, is to expand its 130 worker Londonderry factory, providing a further 65 jobs most for men. The existing production rate is almost 10,000 belts a day.

Announcing the expansion, Mr. Robin Bailey, the Northern Ireland Minister of Commerce, said yesterday: "Expansion by West German industry in Northern Ireland is relatively common. Of nine companies already here seven have gone beyond their original target."

Arnitz Belting is a subsidiary of Höpfer's Gummifabrikanten GmbH, whose headquarters are at Höpfer, near Hanover.

BEECHWOOD
CONSTRUCTION LIMITED

Extracts from the Statement of the Chairman for the year ended 31st March, 1971

- Group profit after taxation is £174,591 compared with £120,340 for the previous year.
- Profit margins fully maintained and a record turnover achieved.
- Final dividend of 40% making 55% for the year as compared with a total dividend of 47½% for the previous year.
- Board expects further progress in the current year.

DIRECTORS

IVOR GRIFFITHS, F.C.A. (Chairman)
M. C. THOMAS B.Sc. (Managing Director)
V. H. G. KNIGHT (Joint General Manager)
W. E. THOMAS (Joint General Manager)
E. T. MORRIS
J. D. R. WILLIAMS, M.I.C.E., A.M.I.W.E. (Executive)

FENCHURCH INSURANCE HOLDINGS LIMITED

| RESULTS TO 31ST MARCH | 1971 | 1970 |
|-----------------------|---------|---------|
| Profit before tax | 628,429 | 514,946 |
| Net equity earnings | 365,377 | 268,881 |
| Dividends per share | 4.7p | 3.9p |
| | 45% | 40% |

- ★ Recent acquisitions: J. B. Wimbly & Co. Ltd. and Canada Britannia Insurance Brokers Ltd.
- ★ Income derived from overseas business has increased to 23% from 17% in 1970.
- ★ Mr. Harry Kissin, Chairman, states:

"The company is now in a strong position, following the steps that have been taken both in terms of management and also in the services it can provide to clients, to take the maximum advantage of the changes that are occurring in the insurance industry. With the influx of new ideas and new management, there is every reason to believe that the results for the current and future years will reflect the forward progress of the group in terms of increased profits."

Copies of the Report and Accounts are available from The Secretary, Plantation House, Mincing Lane, London, E.C.3.

BURNHOLME & FORDER LIMITED

Application for restoration of quotation and permission to deal in £234,145 Ordinary Shares of 10p each of the Company has been made to the Council of The Stock Exchange, London, and it is expected that dealings will recommence on Friday, 30th July, 1971.

Copies of a circular dated 7th July, 1971, which has been despatched to shareholders, are available to members of the public and can be obtained at the Company's Brokers:

GULL & CO.,
4 TOKENHOUSE BUILDINGS,
KING'S ARMS YARD,
LONDON, EC2R 7AE.

H. C. JAMES LTD.

Annual General Meeting, July 28, Luton

Highlights from the circulated review of the Chairman, Mr. L. B. Sell

- * Group pre-tax profits rose by 10½% to a record level.
- * Our housebuilding companies handed over to private purchasers 16% more houses in 1970/71 than in the previous year, and it is planned to continue this trend in the current year. We have adequate land stocks to satisfy an expanding programme.

Rents received amounted to £159,939. It is anticipated that the number of flats in the U.K. built by us and let will have increased from 252 to 410 by the end of the current financial year.

An ever increasing demand for our houses, matched with available resources to meet it, together with a further advance in our rental revenue in the U.K., are good indications of our prospects for the current year. I have confidence in our future.

Summary of Results

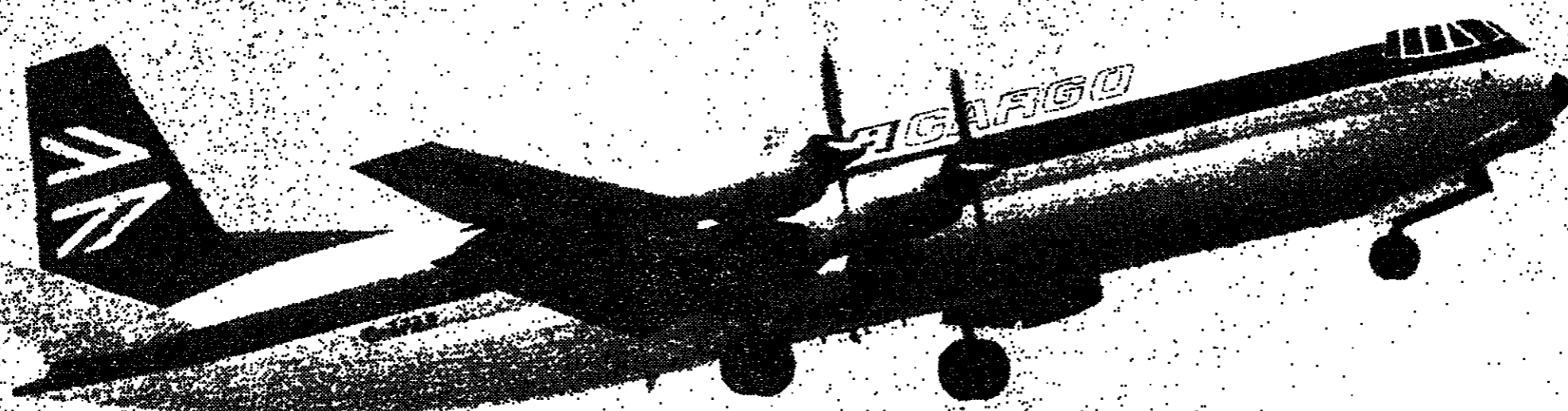
| | 1971 | 1970 |
|------------------------------|---------|---------|
| Group Profit before Taxation | 842,268 | 762,007 |
| Taxation | 317,849 | 304,161 |
| Group Profit after Taxation | 524,419 | 457,846 |
| Total Dividend | 18% | 16% |

Copies of the Report and Accounts can be obtained from The Secretary, James House, Luton, Beds.

The JAMES Group

هكنا من الأصل

Think of it as a crow.



It's a BEA Merchantman.
It flies cargo from the principal cities
of Britain to the principal cities of Europe.
Straight there—and straight back.
As the crow flies.

No transshipping to other aircraft en
route. No time, money or goods lost en
route.

BEA have a whole fleet of
Merchantmen. More freighter services
flying to more points in Europe than any
other airline.

And BEA is the only freight airline in
Europe specialising on Europe.

Which is something else to crow about.

BEA CARGO
As the crow flies.



GENERAL APPOINTMENTS

MSL

Management Consultants in Human Resources
 LONDON BIRMINGHAM
 GLASGOW MANCHESTER

Managing Director Salary negotiable Multiple Retailing — North West

This British public company has been transformed during the past decade and quality consumer durables are now retailing from some 200 outlets which straddle the country's main shopping areas. Computerised information and control systems and an enlightened management style are well established. A managing director is now sought to lead the well integrated and experienced Board of the principal subsidiary whose annual turnover exceeds £6m. He will implement the existing corporate plan, now partly completed, and plan further long term development aimed at keeping the company ahead of a continuously changing market. Candidates should preferably be 35 to 40 or, perhaps, just over. General management experience with a retail company selling through a large number of outlets is required. A merchandising or selling background would be appropriate and experience of retail credit financing an additional asset. Remuneration negotiable to attract those currently earning up to £7,000, with appropriate benefits. Future career possibilities will interest the right man. Please write stating how each requirement is met to R. M. Cooper reference B.60059.

The MSL Consultant has analysed this appointment.
 MSL, 17 Stratton Street, London, W1X 6DB.
 Your enquiry will be in confidence.

Fund Manager

We require a Fund Manager to specialise in Gilt Edged Securities. Applicants should ideally be under 35 years of age and should have several years' experience in this field. A professional qualification would be useful but is not essential. Salary will be negotiated according to qualifications and experience. Write in confidence with full career details to: The Staff Manager,

Brown, Shipley & Co. Limited
 Founders Court, London EC2R 7HE



Manager for Sugar Department

Leading Commodity Broker is expanding its Sugar interests and requires a Manager for this Department. The applicant must be trading in actuals and have a thorough knowledge of sources of supply and outlets on a world basis. The position offers excellent prospects with possible future Directorship. Salary would be negotiable according to experience. The appointment would be based in London. Company car, Pension Scheme and usual benefits.

Write Box A.2098, Financial Times, 10, Cannon Street, EC4P 4BY.

HOARE AND COMPANY GOVETT require

EXPERIENCED CONTRACTS CLERKS

New open plan offices by Chancery Lane tube.

Salary according to age and experience.

Bonuses. 15p L.Vs.

Please ring Jill Fitzpatrick 01-242 2848.

SUGAR

Long-established International Firm of Commodity Brokers seeks experienced executive to take charge of its Sugar Futures Department. Write to: Box A.2094, Financial Times, 10, Cannon Street, EC4P 4BY.

FULLY EXPERIENCED

SOLD TRANSFERS CLERK required for medium-sized stockbroker. Good salary to be offered to the successful candidate. Write to: Box A.2101, Financial Times, 10, Cannon Street, EC4P 4BY.

APPOINTMENTS

APPEAR EVERY TUESDAY, WEDNESDAY, THURSDAY & FRIDAY. RATE £13 PER SINGLE COLUMN INCH

APPOINTMENTS WANTED

OPPORTUNITIES SOUTH EAST ASIA

Recently retired British businessman with over thirty years' marketing administrative experience in India, Thailand, Burma and South East Asia with international British company is returning to Thailand early October to resume residence. Available to recruit British manufacturers in Thailand and surrounding countries if required. Excellent business and government contacts. Write to: E. B. MORRIS, c/o National Westminster Bank, High Street, Newport, Isle of Wight.

DCF SPECIALIST (26) with experience of economic forecasting, market research and financial negotiation (ACWA) seeks interesting and varied appointment on termination of contract with Civil Service. Write to: Box A.2103, Financial Times, 10, Cannon Street, EC4P 4BY.

SENIOR INDUSTRIAL RELATIONS/PERSONNEL MANAGER

seeks change to comparable or group countries top level Personnel/IR. Executive. Extensive experience negotiating at all levels. Early 30s. Income level at present £5,000. Write to: Box A.2101, Financial Times, 10, Cannon Street, EC4P 4BY.

MEMBER OF PARLIAMENT

CONSERVATIVE (young). Experienced in general management seeks remunerative part-time employment. Executive or non-executive. Write to: Box A.2102, Financial Times, 10, Cannon Street, EC4P 4BY.

INVESTMENT MANAGER

Young man, with experience of all aspects of stockbroking, currently managing some £80m of net and gross funds, seeks wide range of securities. Is seeking a more rewarding position. Write to: Box A.2102, Financial Times, 10, Cannon Street, EC4P 4BY.

FINANCIAL AND ACCOUNTANCY APPOINTMENTS APPEAR TODAY ON PAGE 22

THE INTERNATIONAL TIN COUNCIL DEPUTY BUFFER STOCK MANAGER

The International Tin Council invites applications for the post of Deputy Buffer Stock Manager. The function of the Deputy Manager is to assist (and deputise for) the Manager, whose duties are to maintain and operate the buffer stock (in tin metal or cash or both) in accordance with the provisions of the Fourth International Tin Agreement (an intergovernmental commodity agreement of which 27 countries are members).

Salary for this post is on a scale rising from £3,430 sterling per annum to £4,695 per annum; starting point on this scale will be subject to negotiation on the basis of experience and qualifications. Salary is subject to cost of living increases. Non-contributory pension scheme. The headquarters of the Council are in London. Applicants should have an adequate understanding of the basic supply-demand factors in tin and experience of metal or other commodity markets. Knowledge of investment practice, banking procedures and general commercial practice is also desirable. Applicants who have had experience in a metal merchants' business, in the sales department of a producer or smelter, or in the purchase department of a consumer might well have the necessary basic knowledge required for this post. Experience in market studies desirable. Preferred age 35-50.

Applications, with full details of career, curriculum vitae, and references should be received before 31 August, 1971 by the Secretary of the International Tin Council, Haymarket House, 28 Haymarket, London, S.W.1.

DIRECTOR OF MANUFACTURING Motor Industry From £8,000 plus bonus

Our client is an international company in the automobile industry who wish to appoint a Director of Manufacturing for its United Kingdom operation. The man appointed will direct current manufacturing operations and provide for estimated United Kingdom future demands taking into consideration cost and quality control of the highest order. Candidates will have had wide experience in the automotive industry and probably currently be Superintendent or Assistant Works or Plant Managers in one of the Big Four manufacturers' engine or gear box plants. Starting salary from £8,000 per annum plus good benefits including bonus and company car. Apply for application form, quoting reference P71/32 to J. H. Howatt, Executive Recruitment Division, Knight Wegenstein Ltd., Commercial Union House, 75 Moyley St., Manchester M2 3ER or telephone 061-228 1383.

KNIGHT WEGENSTEIN LTD
EXECUTIVE RECRUITMENT DIVISION
MANCHESTER · LONDON · ZÜRICH · DUSSELDORF · CHICAGO



L. MESSEL & CO

require a qualified

Assistant Comptroller

preferably under 26, C.A., A.C.A., or A.C.W.A. His function will be to assist the Comptroller with the preparation of quarterly and annual accounts. Also he will be concerned with Management Services Information and Budgets.

Salary linked to profit sharing will exceed £2,000 p.a. We also have opportunities for experienced TRANSFER CLERKS aged 20/25 with a minimum of two years experience. Competitive salaries, L.V.'s and three weeks annual holiday.

In addition we require an ORDER CLERK age 20/25 for our Stock Exchange dealing room. This might suit an experienced Contracts or Checking Clerk.

Please write to

Mr. J. G. F. Simmons,
L. Messel & Co.,
Winchester House,
100 Old Broad Street, E.C.2.

MANAGING DIRECTOR ENGINEERING

for an engineering company with a turnover exceeding £1m. The Company designs, manufactures and markets its own products. The managing director's main task will be to lead an experienced team of executives to further the Company's already significant development.

Applicants, age 35 to 45, must be qualified engineers with at least three years line management experience including profit responsibility.

The initial salary will depend upon the individual appointed. Incentive scheme, car, pension and other fringe benefits. Please send full particulars and state how each requirement is met, to:

Peat, Marwick, Mitchell & Co.,
11 Ironmonger Lane,
London, E.C.2.
(Reference PJB)

CONTRACTS AND TENDERS

KINGDOM OF MOROCCO

Maroc-Phosphate Project

Construction of a phosphoric acid and monoammonium phosphate plant

First phase. Invitation to prequalification

Office Chérifien des Phosphates, a State owned industrial and commercial company, intends to build a plant for the manufacture of approx. 1,000 metric tons/day P205 as phosphoric acid at 54%, P205 for export, of which up to about 60% could be converted into monoammonium phosphate (MAP). This plant will also include facilities for handling and storing raw materials; facilities for handling, storing and shipping finished products, maintenance facilities, laboratories and all necessary administrative buildings. The location of the proposed work is about 10 km South of the town of Safi, next to the Maroc-Chimie plant, on a flat coastal area known as "Bord de Mer".

The purpose of this invitation is to prequalify a short list of consortia of firms, each consortium being able to take responsibility for the whole project. This is the first phase of the procedure for selecting the consortium that will execute the project. In a second phase each prequalified consortium will in due time receive the tender documents and will be invited to submit an unpriced technical proposal, together with a work programme for executing the project and with a proposal for an escalation formula. In a third phase, after clarification and technical adjustments if needed, each prequalified consortium will be invited to submit a priced offer which together with the technical proposal will be the basis for selecting the successful bidder. It is understood that different manufacturing processes will be considered.

It is intended that most of the foreign exchange cost of the project will be financed with untied funds. A loan application has been made to the World Bank (IBRD) where the project is now under study. In their constitution, the consortia will have to demonstrate their intention and ability to procure equipment, materials and services from geographically diversified sources amongst World Bank member countries and Switzerland, if that should prove necessary to enable the project to benefit fully from the advantages of untied financing as well as to achieve the lowest costs.

Firms interested in this project and wishing to receive the prequalification notice, which will be available as from August 1st 1971, are invited to apply to: M. le Directeur Général—Office Chérifien des Phosphates—305, Avenue Mohamed V—RABAT (Morocco). In order to be considered, proposals for prequalification (in French or in English) must be received at the above address not later than October 15th, 1971; a copy of each proposal must also be sent to Haldor Topsøe—Vedbaek (Denmark), appointed by Office Chérifien des Phosphates as their Technical Advisors for this project.

BUSINESS OPPORTUNITIES

TO CLOSE A TRUST

Trustees have available for sale the issued share capital of a substantial company engaged in the motor trade in all its branches. Turnover exceeds £1m. Capital requirement would exceed £150,000 inclusive of valuable and central freehold properties. Write to: Box B.5596, Financial Times, 10, Cannon Street, EC4P 4BY.

ENGINEER/DIRECTOR

Would be interested in adding his skill and experience and make investment in small company to help growth. Write to: Box B.5573, Financial Times, 10, Cannon Street, EC4P 4BY.

ACCOUNTANTS practising on a professional basis can earn a pleasant commission for introductions. Our service is not one of Finance Brokers, Insurance or similar. Write Box B.5573, Financial Times, 10, Cannon Street, EC4P 4BY.

PLANT AND MACHINERY

SURPLUS UNUSED (new 1970)

Jackman tri-barrel airless shot blast plant, 3 barrels 1 1/2 ton per barrel, approximate 42" diameter by 5' 6" Manual-automatic indexing for loading, blasting, unloading simultaneously. Complete installation with loading and unloading facilities, including P.E.M. offered at low surplus price. Write to: Box B.5573, Financial Times, 10, Cannon Street, EC4P 4BY.

CABLE

1,000 tons urgently required. Also electric motors, switch gear and new and used machinery. Immediate settlement. Hockley Metal Company, 52, Heaton St., Hockley, Birmingham B18 6JL 021-554 0231.

SALE—SALE—SALE. Fork Lift Trucks secondhand. Choice of 120 trucks. Must be sold. Also Lancer Road Diesel oil loader. Birmingham Fork Lift Truck Ltd. 021-527 2976-5575.

HOTELS

THE SPA HOTEL, Tunbridge Wells. Ideal facilities for business conferences. See 10,000 grounds and adjoining 9-hole golf course. Write for Brochure or Tel. 26357.

CORPORATION LOANS

PETERBOROUGH BONDS

7 1/4% Minimum £1000 5-10 years City Treasury PT. 100. Town Hall, Peterborough, PE1 1NG. Tel. 0773 62241 Ext. 101

Advertising and ...

What is this thing called creativity

BY BRIAN PALMER OF KMP PARTNERSHIP

OF all the words in the advertising man's language, "creativity" is the most often used and still the least understood. Most advertisers would have trouble defining exactly what it meant, and so would a surprising number of agencies. It usually seems to mean "the ability to produce advertisements that I like", which is fine if the advertisements that you like are invariably the ones that sell the product.

For me, a truly "creative" advertising idea is one which takes the facts about a product and transmutes them into a message that has infinitely more power than the statement of the facts themselves. It is still the main service a good agency ought to be able to perform for its clients, multiplying the value of every advertising £1 in the process.

During the past 12 months, I have had the chance to study literally thousands of advertisements as a judge at two large advertising festivals—one at Cannes and the other in South America. The experience has reinforced my belief that in the desperate search for "creativity" too many advertisers are substituting technical brilliance for original thinking. And thereby completely failing to recognise the way in which advertising really works. Which is, as Len Heath puts it, "by establishing a relationship between a product and its user."

In a world where products are increasingly alike, and all of them, because of market pressures, are adequate, it falls increasingly to the advertising to make the distinction between them. Good advertising helps people not only to know that something exists, but to feel that it's the kind of product that fits well into their lives. And because television is supremely the mass medium of advertising of the decade, it is in television that one can perhaps see both the opportunities and pitfalls of the search for creativity.

Some of the classic pitfalls are listed below.

- 1—The Cultural Reference. "Well, we have this take-off of Butch Cassidy/Brief Encounter/Bushy Berkeley."

Only one person in ten is going to get it, and they may not be your target market. But it will certainly look great on a production company reel.

- 2—Technical Brilliance. "This is an idea which depends very much on production/photography/the music track... and what's more, we've got Antonioni to direct it."

The witchery of nonsense obscures good things, as the proverb says. A good idea gains from brilliant production. But it never yet saved a bad one.

3—Irrelevance. "There's this castaway... and he staggers up the beach and across the desert and there's this box of our product in the sand."

The best ideas always spring out of the product itself—what it's for, how you use it, what it will do for you. If you have to go outside for an idea, it's probably second best.

- 4—Insert your Product here. "There are these marvellous young people skiing/water skiing/skin diving/on top of a high building and when you move in on them they're smoking/drinking our cigarette/drink."

There's a lot of this kind of advertisement about. The pro-

blem is, remembering which product it's for. Often enough, these faults are blamed on the agency. And often they are the agency's fault. But the advertiser cannot escape responsibility. For the best advertising is always produced by a joint effort: the advertiser knowing how to use and manage his agency's talents. It is not without significance that even the best agencies produce marvellous work for some clients and somewhat less than their best for others.

At grass roots, creativity is simply the ability to sell. And if one can solve the selling problem in a way that is unusual and interesting, so much the better. My own agency recently ran a 45 second T.V. commercial for Air India's 707 to New York. Contrary to most

airline advertising, it hardly showed an aeroplane, eschewed cliché and caviar, and never mentioned the word "Jumbo". Instead, it concentrated on the face and attitudes of an Air India hostess as she welcomed passengers aboard the plane. Accompanying it was a seven-second containing a telephone number. And each person rang that number who if they actually took by Air India to New York, will more than pay for the campaign.

Are there, then, any guidelines one can take in judging creativity? I think perhaps there are.

When you come to judge an agency's creativity, ask yourself these questions about their work:

- 1—Does the advertising idea spring out of the product or is it grafted on?
- 2—Would the advertising be equally valid if you inserted another product name?
- 3—Does it relate to the way people live—either in real life or in their fantasy lives?
- 4—Is it offering people something—or just making a statement?
- 5—If the product were a person, would I like it as a friend?
- 6—Will the advertising help make the product famous?

Only then ask the question "is it creative?"

If it checks out on the other points, you can be sure it will be.

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Clarksons to meet the Ads. authority

BY PAMELA JUDGE

THE Advertising Standards Authority is to have a meeting next week with Clarksons, one of the big four operators that has been in the wars just lately.

But the cause is not related to the current news about Spain: it relates to a number of earlier complaints to the ASA.

Peter Thomson, the Authority's assistant secretary, says the complaints were small things but they made the particular holiday less attractive. It was mentioned in a brochure but there was only one: there were said to be four bars—there were, but at the particular time of the holiday there was not the staff to man one.

The Authority as yet has no facts on which to base its next week's meeting about it. It is hoped to discover exactly how many complaints are received and based on the results and other factors the ASA, through chairman Lord Tweedsmuir, has various thoughts it will air on the subject of brochures and holiday advertising. But as Thomson says it is only a tiny proportion of holiday takers who complain and some are almost professionals at the game.

But since the brochure and the advertising are vital areas in selling holidays the Authority is concerned that nothing is done that should give the impression that conditions are unchanging. It is a fact of package tour operating that it is virtually impossible for a brochure to be 100 per cent accurate.

Consider the programme that lies behind the production of the 1971 Clarksons brochure. The first meeting was on July 29, 1969, where the discussion was about the general situation and there was also a good look at the lessons to be learnt from the previous brochure. Initial briefing was given to photo-graphers and copywriters. At

the next meeting, September 2, 1969, detailed briefings were given. On December 31 there was a major discussion about hotels, which to use and what the state of construction was. Between March-April the photo-graphers were in the various hotels—at the same time as the early 1970 holidaymakers.

By May 1970 the first 48-page section of the 244-page brochure was being printed. Completion of the printing and layout is done in the U.K. but the printing is in Germany. All the copy is checked through the sales department, the legal side and the managing director see it.

By September 4.15m. were in the U.K. out of the total run of 3m. (Incidentally Clarksons total print for all its tours is 14m.) Then followed distribution which was phased-in, firstly to agents in time for the launch of the programme and to deposit in order to be able to meet peak demand in the winter.

To some extent Clarksons' troubles are attributable to its success. It is just not on to hope to handle a huge demand for holiday programmes between January-February. So over the past four years or so the company has extended the period which people ask for the information. In turn this has meant that printing and distribution have been carried out earlier. But all the hoteliers must agree that the description of their establishments is true and accurate before anything goes into print.

The ASA recognises that these events which cannot be foreseen. Hotel managers leave, for example, or a licence is withdrawn so there is no night club. The Authority is concerned to establish that complaints are dealt with quickly and seriously. But as Thomson says, it has only seen one side of the story so far.

The Marketing Scene

DISTRIBUTION SURVEY

Extra load for manufacturers

BY KELSEY VAN MUSSCHENBROEK

The fact that consumer goods manufacturers are now more involved in distribution than they were 40 years ago could lead to higher retail prices in the long run. This is the most striking, and potentially the most controversial conclusion of a report published today by the Distributive Trades' Little Noddy. Moreover, the report makes it clear that the manufacturers' increased role in distribution has taken place not despite the much vaunted supermarket revolution, but precisely because of it.

Such a finding seems to be completely at odds with the April 1971 Prices and Incomes Board report on food distribution which concluded that the supermarket multiples had become "a great deal more efficient in the whole process of distribution" and had raised food retailing standards. The Little Noddy report deals with the channels and costs of distribution in the North East (Northumberland, Durham, North Riding of Yorkshire) of seven product groups, covering 35 commodities with retail sales of more than £200m. a year in 1968-69—the period under consideration. The seven groups are groceries, confectionery, cigarettes, clothing, electrical goods, household durables and other household items.

What seems to have happened, says Noddy, is that manufacturers have been forced by retail strength to deliver a higher proportion of their products directly to the retail outlet. Previously it was more common for the retailer to be responsible for the distribution of products from the central depot to retail outlets.

At odds

This may have led to an improvement in the efficiency of the distribution system in the short run. "Multiples, by aggressive purchasing, a keen eye on stock control and an attention to operations, may reduce the retail distribution costs. But, equally, such action may lead to higher prices in the long run as manufacturers are forced by retailing strength to make a number of uneconomic drops at multiples' retail branches," says the report.

In all, some 71 per cent of the £200m. worth of consumer goods sampled were delivered direct from manufacturers to retail outlets or retail depots. Over three-quarters of confectionery and cigarettes and 80 per cent of clothing passed straight from the manufacturer to the shop. Even for electrical goods, where some major manufacturers had given up selling direct to the trade, only 30 per cent of sales went through a secondary distributive channel.

The report found that selling costs (including transport, storage, selling, advertising, market research and so on) accounted for between 10 and 30 per cent of manufacturers' total costs, with most companies falling in the 15-20 per cent range.

Furthermore, there were signs that since 1938 increased branding and distributive activity had led to a marginal increase in total selling costs as a proportion of overall costs. Chocolate, canned vegetables, coffee, furniture, carpets, footwear, shirts, women's underwear—all these items manufacturers' distribution costs had risen. On the other hand, in breakfast cereals, tea, household textiles, paint, and radios distribution costs had fallen.

At the same time, the study does point out that retail margins "dominated the structure of selling costs." In non-food the retailers' margin accounted for over 60 per cent of the selling costs, and even in the more competitive area of grocery retailing margins constituted 40 per cent or more of selling costs in all cases except meat.

The Little Noddy was clearly disturbed to find that despite the greater involvement of manufacturers in distribution there was little evidence any budget control on this side of the business. Costings tended to be based on experience or arbitrary judgment rather than a cost appraisal of the situation based on such factors as optimum vehicle operating

capacity for various route mileage. "To what extent this lack of control has been to the detriment of the consumer in the form of high prices is not known. At the same time, Noddy found that previous requirements for the wholesaler have been premature. Despite the growth of the multiples and the greater involvement of manufacturers in distribution, the wholesaler has

cigarettes, however, the situation is not so buoyant for the wholesaler: he now handles about a quarter of these goods, compared with 50-60 per cent before the war. The change is even more marked in the case of clothing where wholesalers account for less than a fifth of the business, against 70-80 per cent pre-war. If the Noddy study has produced few surprises as far as wholesalers are concerned, the

ALLOCATION OF MANUFACTURERS' COSTS

| Commodities | Production % | Selling % | Administration % |
|-------------------|--------------|-----------|------------------|
| Baked beans | 70 | 15 | 15 |
| Sweet puddings | 65 | 19 | 17 |
| Canned soup | 64 | 16 | 20 |
| Tea | 68 | 10 | 2 |
| Sausages | 62 | 16 | 2 |
| Coffee | 69 | 31 | |
| Chocolate bars | 73 | 23 | 4 |
| Cider | 48 | 32 | 19 |
| Canned beer | 84 | 14 | 2 |
| Garden seeds | 60 | 15 | 25 |
| Portable radios | 76 | 16 | 8 |
| Women's underwear | 54 | 33 | 12 |
| Beds | 72 | 18 | 10 |
| Shirts | 67 | 21 | 11 |
| Men's shoes | 63 | 37 | |
| Bread | 40 | 50 | |
| Paint | 74 | 13 | 13 |
| Evaporated milk | 76 | 21 | 3 |
| Breakfast cereals | 49 | 30 | 21 |
| Sheets | 82 | 8 | 10 |
| Carpets | 70 | 11 | 20 |

held his ground remarkably well. In food, for example, wholesalers handled 31 per cent of the trade sample, against 37 per cent of a similar sample in 1938. Overall, they accounted for 20 per cent of all the product groups investigated, outside clothing.

As might have been expected the growth of the wholesaler-based voluntary groups for retailers, coupled with the spread of cash and carry wholesaling, have been the main reasons for the survival of wholesalers, especially in the grocery side.

In chocolate confectionery and

some cannot be said of the implications of manufacturers' increased involvement in distribution. On an issue which the PIB simply ducked, the message from Noddy is clear enough: the power of grocery chains means they have been able to shunt their distribution problems off to the manufacturers who are arguably not the best people to solve them. This immediately raises the question of just where the supermarket revolution is leading us.

Channels and Costs of Distribution in the NE Region. HMSO.



This is a still from one of the new series of Heinz baked beans commercials which begin transmission next week. Obviously the company, and agency Young and Rubicam, were pleased enough with last season's formula of using children reciting verses to repeat it. In all 800 children were screened and eight commercials have been made—double last year's number. Most of the children interviewed came from personal contacts—stage school children are too mannered and predictable, and, remarkably, a Press advertisement for children to appear on television only drew in two replies: parents fear spoiling of their children, although those used by Heinz could expect to earn around £100 during the months of screening.

Agency News

● Osborne-Peacock, a member of the Osborne Group, reports a 17 per cent increase in billings for the year to March 31. This amounted to £1.4m. but billings now are £2.2m.

● Wilson Advertising, Manchester, now acts for ICI Organic Division. The Division is a result

of the amalgamation of the chemical giant's Dyestuffs and Nobel Divisions, apart from explosives. The first campaign to promote the new division is to break in this paper on August 25.

● From September 1 Roe Thompson is to handle Meggison's credit tables under an appointment by White Laboratories, a subsidiary of the American Schering-Plough Corporation. The initial budget is some £40,000 but the agency is to examine some development projects.

● Merchant banker Leopold Joseph's bank and notation advertising has been placed with Brockie Hazell and Allen.

● A promotion drive for the Irish Fashion group in October in London will be handled by Crone Alexander.

● Wilfred H. Beale has been made deputy chairman of the management board of Young and Rubicam and senior vice-president of Y and R International.

£300,000 for Mallerman

MALLERMAN, Summersfield James, the new agency whose formation was reported on July 22, has won two accounts with billings totalling £300,000.

One is the Richard Shops chain of retail fashion shops which is part of United Drapery Stores Group. This represents half the billings for the agency and a campaign is scheduled to open in the Press in September.

The second is Van Hengten carpet tile and the budget covers both media and below-the-line advertising. In four years Hengten carpet tiles have reached a 10 per cent share of the contract market. A campaign planned for the tiles will also be in the Press.

TELEVISION ADVERTISING

Making hay while the sun shines

BY ANTHONY THORNCROFT, MARKETING EDITOR

SO THE television contractors are having a good year. Advertising revenue in the first six months totalled £82.8m., the highest yet recorded and 14 per cent up on 1970. Of course there were some exceptional features—the heavy and unanticipated advertising by newspapers at the time of the Daily Mail re-launch and the strike at Granada in 1970 which makes strict comparisons difficult. Even so, taken with the halving of the levy and the prospects of an even higher revenue in the autumn, the ITV companies can afford to be cheerful.

After all there may be troubles ahead. The development in recent weeks of a bandwagon for ITV 2 by the largest contractors is a direct sign of the apprehension about the growth of BBC 2. At the moment only 55 per cent of sets can receive BBC 2 programmes so that on the charts the BBC 2 share of the total audience rarely rises above 5 per cent. But if you examine homes with all three channels the BBC 2 audience doubles, and when you compare viewing figures during those hours that BBC 2 is transmitting its audience share on average is nearer 15 per cent. And every time a colour set is acquired there is a pronounced switch to BBC 2 which has many programmes geared to make the most of colour. In addition, the BBC spends a vast amount of time publicising all its channels, and has the bonus of being able to experiment with ideas and programmes on BBC 2. The ITV companies must commit themselves cold.

Obvious cycle

At the moment ITV can live with this competition. Indeed last week all television's most popular programmes were on the commercial channel. But in the future ITV's audience share seems certain to drop from around 50 per cent, to nearer 40 per cent. Already one relatively small advertiser has withdrawn from television this autumn because it considers the chance of smaller audiences, coupled with the higher charges for time, make the medium economically unattractive. In fact the cost per thousand on

ITV has not altered much over the years, working out at 80p last October as against 110p in October 1968 and 100p in October 1966. But this could change if there is heavy demand from advertisers, and agencies cannot take advantage of discounts. It is obvious really: when there is a strong demand for television time the cost shoots up: some companies feel it is too expensive and withdraw. The market weakens and the companies that continue to advertise get time cheaply. This attracts back more advertisers, and the cycle starts again.

Five levels

The contractors confidently expect demand to be particularly strong this autumn. Most agencies agree with them. July has not been good but then it rarely is. Come October and advertising expenditure should be rising sharply in line with business confidence. It is in autumn of this trend that the ITV contractors have raised their rates by between 3 to 17 per cent, across the board. Thames has gone even further, as George Pincus, of Benton and Bowles points out in the following assessment: "The Thames rate card introduces five levels in what must be the most complicated rate structure ever introduced—it is rumoured that a Parliamentary legal draftsman was brought in to assist. The new situation created by this structure calls for the time buyer to exercise all his ingenuity. Not only must he be able to judge the market to a hair's breadth, but when selecting these spots for his pre-empt buys he must ensure that though they are reasonably efficient, they are not so obviously so pre-empted by someone else."

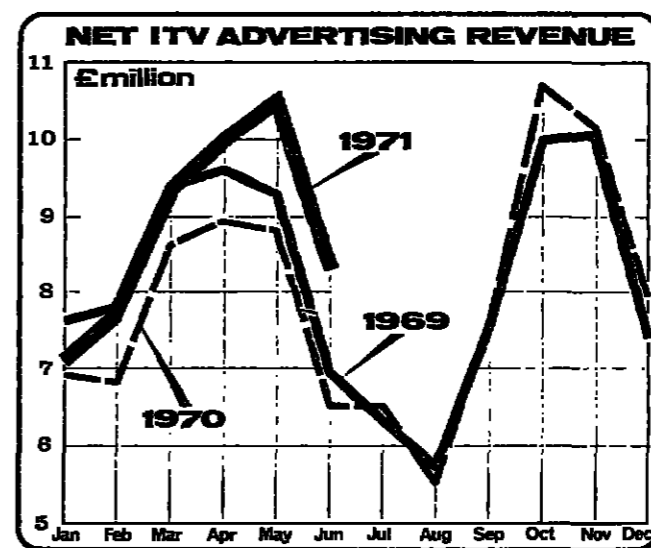
London Weekend Television, now with its new sales management team effective has opted for advanced booking discounts and some pretty large rate increases. The effect of the tightening-up in the London area will almost certainly raise the cost per thousand homes for a 30-second spot to nearly £1 and it is estimated that it will need a 25 per cent increase in revenue to make the Thames rate card

pre-empt structure work. The regional contractors must also be very confident, too, because the ATV rates have been increased by 11 per cent. Trident by 13 per cent, and Granada by 10 per cent.

However, the contractors have maintained a sense of proportion

of a repetition of the situation of 1968. Then advertisers, tied in by the eight week cancellation clause, were powerless as the ITV ratings slumped. In pique they moved a lot of their expenditure out of television in 1968. What worries Mike Firman is not so much that BBC 2 will

in providing mass appeal programmes and thus reduce viewers' choice. In addition is doubtful whether new contractors would be prepared to invest in commercial television if their contracts are limited at the most, three years. Alternatively, if the second channel is to the existing ITV contract there will be widespread protest at the confirming of a monopoly. Most advertisers want different contractors (or at least the current contractors) operating in different regions—Ron Halst of Beechams made this clear last week. Most agencies favour new companies, who they might hope to score. Some, however, feel that they have won most of the battle with the existing companies that two ITV channels run the same contractors would prove the chances for experimentation, for specialist programming geared at gardening, sports, AB's etc., and for ease in buy-



Temptation

The decision is the Government's, and Mr. Chataway, his controversial commercial radio to birth, can scarce favour a second ITV to create some of the not too plentiful advertising cash which is available. There must be a temptation to let things run until 1976, perhaps reducing the levy to placate the contractors. And then by 1976 who knows there might be some kind of fusion between the BBC and ITV, the solution favoured by David Phillips of S. H. Benson.

However ITA contractors have been successful in lobbying in the past. They have had in the levy, they likely to get an extension broadcasting hours next year, they can promise that there is £30m. in advertising revenue around to finance ITV 2 (so they certainly have the production capacity to make 1 programme) they may persuade the Government to allow second channel in the regions. But this remains a problem for the long term. In next few months they will more actively employed in their advertising customer value for money.

1969 Pique

So the contractors are banking on a revival in advertising and few agencies disagree with them. The danger, as Mike Firman of Masius Wynne Williams sees it, is that "demand is going to be very high but the ratings are going to be low. There is a risk

eat into ITV's audience and push up the cost per thousand, but rather than an advertiser will be unable to reach the audience it needs to stimulate sales of its goods. It is the coverage that is important.

Which leads on to ITV 2. Some time before 1976, when the entire broadcasting system goes into the melting pot, ITV will be going to stay an attractive advertising medium. Already Thames, for example, is developing a magazine programme on motor racing which should not only attract the rather shy motor trade to advertise but also provides the kind of specialist interest programme which Howard Thomas, managing director of Thames, has always claimed that ITV 2 would be ideal at supplying.

The problem is that a second commercial channel, an alternative to BBC 2, could only work effectively if run by the existing contractors. Drawing in new companies would force ITV 2 to compete with ITV 1

Wells talks to the City

By Pamela Judge

THE well known American agency of Wells Rich Green Inc. is making sure it is known both in Britain and Europe. Not, however, by mailings or advertising but by a series of visits to financial centres.

Two Board members Frank G. Colnar and Richard T. O'Reilly are touring the centres and talking to analysts—very much an American activity. But not one carried out by quoted U.K. agencies to judge by analysts' reactions at investment banker White Weld where the London meeting was held this week.

Making a pitch for the industry as well as his agency, Colnar pointed out that Forbes magazine's latest list of industries by profitability did not include advertising. Had it done so it would have read: consumer goods—number 1 at 16 per cent return on equity; advertising—number 2 at 15.1 per cent; and distribution—supermarkets, number 3 at 12.8 per cent.

And the agency table would have read:

| | |
|-----------------------|------|
| WRG | 26.7 |
| Ogilvy | 22.3 |
| Doyle, Dane, Bernbach | 21.9 |
| J. Walter Thompson | 17.2 |
| Grey | 13.7 |
| Interpublic | 13.1 |

Mary Wells Lawrence's story is a legend of start-up-own-agency and never look back. Clients include Procter and Gamble, Travel World Airlines and General Mills. Briefly the WRG picture is \$361.017 earned on billings of \$53.2m. in the year to October 31, 1968, rising to \$2.4m. on an 89 per cent increase in billings to \$2,100.8m. as of 12 months to April 30 last. The rise is put down primarily to higher productivity.

The WRG team has put itself over to about a dozen U.K. institutions and Europe is still to come. With 11 accounts the agency does not have a problem of conflicting accounts when talking new business. But it is not seeing any prospects in the U.K. although that is a possibility in Europe.

The agency opened shop in the U.K. about a year ago. There was a firm agreement with TWA (the only client) that the operation would be geared to a smooth run for the airline and WRG would not go for new business until the organisation was in top gear. Recently Tony Rippeul was taken on (from C. Vernon) to join Neil Godfrey as co-creative director.

Managing director Tony Caulfield says he has had approaches from several advertisers but, mainly because of the TWA agreement, the agency did not take them on. But it is geared up now. "We are looking for new business on a very selective basis—the only client that the biggest account in the world—and it could take us some time to get the right type."

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106 mph BMW 1602
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0-60 in 11.8 secs. Fast 4-door 5-seater saloon with Sports automatic transmission & power steering optional extra at £211 and £174 respectively.

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NOW ONLY: £1818
0-60 in 8.8 secs. The model that has revolutionised the small car scene. Automatic transmission optional extra at £176.

121 mph BMW 2500
STILL ONLY: £2999
0-60 in 7.5 secs. 6-cylinder 5-door sports saloon with Sports automatic transmission & power steering optional extra at £211 and £174 respectively.

125 mph BMW 2800
NOW ONLY: £3347
0-60 in 6.8 secs. A luxury limousine with superb car performance. Sports automatic transmission & power steering optional extra at £211 and £174 respectively.

133 mph BMW 3.0 CS
NOW ONLY: £5118
0-60 in 6.1 secs. The fastest BMW ever! Hand-crafted 2-door, 6-cylinder sports car. Sports automatic transmission & power steering optional extra at £211 and £174 respectively.

108 mph BMW 2000
NOW ONLY: £2199
0-60 in 8.1 secs. Fast 4-door 5-seater saloon. Sports automatic transmission optional extra at £176.

120 mph BMW 2002 ti
NOW ONLY: £2197
0-60 in 7.5 secs. Fast 4-door 5-seater saloon. Sports automatic transmission & power steering optional extra at £211 and £174 respectively.

109 mph - R75S
NOW ONLY: £1098
103 mph - R80S
NOW ONLY: £956
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NOW ONLY: £860

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Nottinghamshire Lazenby Garages Ltd.
10, Victoria Road, Nottingham NG1 1JL
Tel: 0532 2222

Worcestershire Black & White Garages (Harvington) Ltd.
10, High Street, Harvington, Walsall, Staffs. B77 1JL
Tel: 0922 2222

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ECONOMIC VIEWPOINT

The road to industrial serfdom

BY SAMUEL BRITTAN

THE ONE BOOK that I read—or rather re-read—on political and economic matters during my recent holiday was "The Constitution of Liberty". This work, published in 1960, was a profound inquiry by Professor F. A. Hayek into the principles by which liberty could be preserved in a modern industrial State. It did not receive the attention it deserved, partly because some of the practical conclusions were unpalatable to the temper of the time, and partly because the fashion for "pragmatism" and impatience with all arguments based on principle was then at its height.

Rule of law

Professor Hayek's most important conclusion relates to the overriding importance of the "rule of law." By this he means that the individual citizen (and this includes the company director) should be free to pursue his own interest and purposes as he sees fit, provided that he conforms with known laws. This in no way involves commitment to *laissez faire*, or a belief in the perfection of market forces. But it does mean that the rules should be laid down in advance and that the law should not depend on the discretionary judgment of Ministers or officials. It also means that the Government

could have a monopoly of coercion and that there should be no system of private law.

Hayek's doctrines should certainly not be swallowed hook, line and sinker; and I hope to discuss them in more detail on another occasion. In particular, his conception of the rule of law seems to me a necessary, but not a sufficient, condition for establishing a free society. It is nevertheless of the highest importance; and the reader can imagine my feelings when I learned on my return to London that the CBI had proposed a "voluntary" undertaking by the 200 largest firms to limit their price increases to 5 per cent. or less in the coming 12 months and to report to the CBI Director-General, Mr. Campbell Adamson, if for any reason they found themselves unable to comply. This undertaking was taken into account by the Government in its recent

reaffirmation measures (although I think it important in determining the size of the package was extremely marginal); and this Monday the CBI set out a circular to members with a *pro forma* pledge to sign.

of trying on the CBI's and Government's part.

One can see how this situation has arisen. The first preference of a Conservative Government and of industrialists is for non-intervention. But if this is, or appears to be, impracticable, they tend to think that the next best thing is that "industry should plan itself." But so far from being a second best it is the worst course of all. For organisations like the CBI are subject neither to the discipline of the market place nor to political control; and "industrial self government" is in the literal sense irresponsible. If a price ceiling is necessary in an emergency it should be introduced by an elected Government by means of an Act of Parliament, which states the forbidden courses of action clearly.

Even on the narrowest economic grounds, the case for the CBI move is dubious. It is based on the attractions of the short-term and the seemingly expedient. If prices are going up too quickly, the natural inclination of the interventionist mentality is to decree a slower rate of advance. It is the longer-term and indirect consequences of such intervention which are overlooked in the search for immediate results that often prove most important.

Opposite effect

It is of the essence of the free market case that many of the consequences of intervention are unpredictable and often different from what its supporters expect. But some of the dangers of the present move can be seen even now. The most obvious is that after many



Left: Professor F. A. Hayek. Right: Mr. Campbell Adamson of the CBI. Different concepts of industrial society.

years of a low and falling rate of return on capital, "voluntary" price restraint is likely to force it down even further. In that case investment is bound to suffer, as both the funds available and the incentives to invest will be reduced.

A little less obvious is the threat to exports. For if profits are held down at home, companies will be in no mood to take risks with their overseas pricing for the sake of building up markets in the longer term. With a low rate of profit at

home and a high share of wages in the final product, such investment as there will be is liable to have such a labour-saving bias as to provide a fresh threat to employment. Thus a policy designed to step up the growth rate and provide more jobs may in the longer run have the opposite of the effects claimed.

Those who do not find Professor Hayek's views to their taste, will find the dangers of low profitability spelled out by two economists of a very different political persuasion—Andrew

Glyn and Bob Sutcliffe in "The Critical Condition of British Capital" published in a recent issue of *The New Left Review*. This documents in impressive detail the fall in the share of profits in net corporate turnover and in the pre- and post-tax rate of return on capital. The present state of affairs is, in the authors' view, incompatible with the ability of British capitalism "to make profits and maintain a reasonable share of investment."

The share of profits has fallen from well over 20 per cent. in the 1950s to 18 per cent. in 1967 and 14 per cent. in 1969. The pre-tax rate of return, after deducting depreciation and stock appreciation, fell from 8 per cent. over a decade ago to 3.2 per cent. in 1969. The 1970 squeeze must have reduced these ratios even further. Conventional accounting practices do not make sufficient allowance for the effects of inflation on capital equipment and stocks. If they did, many companies would probably have been seen to be working at a loss in 1970.

Self-deception

Doubtless there has been some rebuilding of profit margins in the first half of this year; hence the support for the CBI. No doubt, too, the Confederation also hopes that the Government's reflationary measures will push up turnover enough to offset the effect on margins. This view ignores the fact that profits are very cyclical in their behaviour; and it is normal for them to increase markedly in the recovery phase of the cycle.

Whatever the case in the private sector, no one has

pretended that the price ceiling can be offset by higher turnover in the nationalised industries. The Government's statement about financing more of their investment from the National Loans Fund shows that Ministers are resigned to their running heavy deficits. The effects of this policy on the Government borrowing requirement and the money supply are not the most important. More worrying still is the effect on the morale of these industries.

As Christopher Foster has pointed out, their managements now know that any good they might achieve by the careful scrutiny of investment projects, or more efficient running of their affairs, will be swallowed up by Government-enforced losses. For the sake of a doubtful short-term tactical advantage, a dozen years' work to instil financial discipline into the nationalised industries has been thrown away—and by a Conservative Government which is supposed to believe that these industries should make profits and "stand on their own feet."

The damage to the nationalised industries will take a long time to repair. In the private sector the worst damage may be avoided, as some companies will have to find ways of getting round the pledge if the pressure on profits is too great; and smaller firms outside the glare of publicity may now get a chance to gain some ground. If Professor Hayek's earlier warnings in his 1934 "Road to Serfdom" have proved exaggerated, it is largely because of the British genius for self-deception and the finding of loopholes. But the point which needs to be stressed is that no moral

stigma should be attached to a managing director who decides that his main duty is to shareholders and that he is not equipped to act as an amateur judge of the nation's economic interest. The fact is that extremely difficult for economists—myself included—take to heart is that more has can often result from the we meaning activities of high civilised and sophisticated people such as Campbell Adamson than from the more bludge approach of unco-operative industrial rough diamonds who would regard Professor Hayek as a foreign Communist.

Lack of faith

Innumerable studies have shown that when freedom has been lost, it was often because the victims had already lost their self-confidence and their desire to determine their own affairs. The greatest threat the British free enterprise system has not been over-socialism, but the lack of faith in its principles demonstrated by the leaders of the business community.

Freedom and the rule of law have long been under pressure from those on the Left who do not see that economic freedom is a crucial part of the wider liberty which they profess to value. But it is in equally great danger from those on the Right who are suspicious of general principles and who believe in Hayek's words that "if Government is in the hands of decent men it ought not to be too much restricted by rigid rules." The very last accusation that anyone should level at the present Government is that it is doctrinaire.

Labour News

Deadlock on BSC blastfurnace pay

BY OUR LABOUR CORRESPONDENT

LEADERS of 15,000 blastfurnacemen in the nationalised steel industry will decide next Tuesday whether to call further industrial action in support of their demands after again reaching a deadlock in negotiations with the British Steel Corporation yesterday.

The National Union of Blastfurnacemen has rejected the 6.6 per cent. increase negotiated recently for more than 100,000 workers in the steel plants and is seeking a 10 per cent. increase for those of its members shift workers and 8 per cent. for those on day work. But in yesterday's talks the BSC refused to improve on the 6.6 per cent. offer.

Executive to meet
Afterwards Mr. Hector Smith, BSC general secretary, said he was calling a meeting of the union's national executive for Tuesday to discuss the deadlock, but he refused to be drawn whether he thought it would lead to a new agreement.

A four-day strike by the union last month quickly reduced steel production by half and led to the laying off of thousands of workers being laid off. At the NUB's annual conference earlier this month delegates made it clear that they were

prepared to see the union impose further sanctions in support of its demand for higher pay, which has been modified from its original claim for a 35 per cent. increase.

Pilkington pay offer

By Roy Rogers
THE Association of Scientific, Technical and Managerial Staffs, which last week was given negotiating rights for Pilkington Brothers' 5,000 general staff, is to refer back to membership a pay offer made yesterday.

It is estimated that the package would increase earnings of the lower-paid staff by 13 per cent., and those of the higher-paid by 9 per cent. Current salaries range between £366 (for juniors) and £2,250.

HULL DOCKERS TO SUSPEND STRIKES
More than 2,000 dockers at Hull, who stopped work yesterday to hold a mass meeting, decided to suspend their weekly one-day strikes so that the Transport and General Workers' Union could launch a national campaign to have port depot filling of containers defined as dock work.

Fewer strikes and days lost in second quarter

BY ROY ROGERS, LABOUR STAFF

ALTHOUGH almost 11m. work-days were lost during the first six months of the year because of strikes, there is evidence of marked improvement in the second quarter both in the number of strikes and the total days lost.

Of this year, published in the Department of Employment's *State of the Nation* for the first time, the figures for the second quarter last year, which were the longest since the prolonged and Post Office strikes accounted for some 8,250,000 work-days being lost.

All 26 categories listed in the *Gazette* the number of new pages in the first six months of 1971 were 1,178, as against 720,000 workers. Responding figures for last year were 2,355 and 978,200. How these figures do not include number of people laid-off because of disputes outside their companies.

TIMES PRINTERS BACK AT WORK

The printing workers whose strike prevented publication of yesterday's editions of *The Times* returned to work last night.

The men, members of Natsopa, came out on strike on Wednesday after they had been told that a bonus payment for the production of the paper was to be ended. The notices were sent out after the men had rejected a new comprehensive deal that ended the direct payment of the bonus.

The bonus dates back to the time when the *Business News* section was a separate section of the paper. The men were paid a bonus of 38p a day for the extra work involved. Since the end of last year, the *Business News* section has been printed as part of the main paper.

Forte misses chance of three-way talks on Pickard

BY ARTHUR SANDLES

SIR CHARLES FORTE failed to arrive here today for the three-way Trust Houses Forte confrontation which could have decided the fate of Mr. Michael Pickard.

Sir Charles, Lord Crowther, and Mr. Pickard were all due for the official opening of the £500,000 Post House at Aviemore.

Mr. Pickard, who was removed from his job as managing director of Trust Houses Forte at a stormy Board meeting on Friday evening, remains unaware of his future.

The Board was split nine to eight, with former Trust House directors supporting Pickard and Forte directors seeking, and winning, his removal.

Sir Charles and Lord Crowther were due to meet Lord Hacking, chairman of the Trust Houses Council, on the TEF executive jet this morning on the flight from London. It would have been their first meeting since Friday.

Lord Hacking was determined to get the two sides together, but Sir Charles did not arrive. He sent a message to the Airport saying that he had been delayed "meeting someone from Cyprus."

Mr. Pickard had diplomatically not taken a seat on the Executive jet—instead he flew up with me on a BEA scheduled aircraft.

Lord Hacking was patently disappointed at the absence of Sir Charles.

No mention of the row racking TEF was made by Lord Crowther when he took the chair at the ceremony. Later he told me: "We are trying to cool things down. We are hopeful of arriving at a formula."

Directors of TEF on both sides of the argument are seriously concerned about the impact that the public row is having on both the corporate image and commercial relationships. There is some concern that a new managing director may be difficult to appoint since he would obviously be alarmed by a Board which has shown itself to be seriously divided.

The group is in the middle of a considerable expansion phase. The Aviemore Post House, said to be Scotland's first, was officially opened today by Sir Hector MacLennan, chairman of the Scottish Tourist Board.

"We at the Board welcome this addition to the Trust House Motor Hotel chain, and this is the first of many in Scotland to cater for a very mobile trade," Sir Hector said. "Of last year's main holidaymakers in Scotland 72 per cent. came by car."

The opening of this new hotel marks another stage in the expansion of the accommodation at Aviemore, which is itself an important Scottish conference centre."

Travel agents in Madrid for talks on holiday complaints

BY RAY DAFIER

A BRITISH TEAM of travel agents, which is to investigate complaints about hotel conditions at Spanish holiday resorts, has arrived in Madrid for talks with senior officials of the Ministry of Tourism.

Mr. Bob Waller, chairman of the Association of British Travel Agents, and leader of the delegation, said before leaving London: "Our job is to make practical investigations or visits to individual hotels or centres which have figured in complaints."

At the moment there are 300,000 Britons in Spain and these 299,900 are perfectly happy and the other 100 are almost happy—not a bad percentage but one that we intend to improve upon."

Mr. Waller said that the Commons are worried about the reports of holiday trouble, in particular overbooking and unfinished hotels. Mr. Edward

Ministry officials and the provincial delegates of the Tourism Ministry in Alicante and Majorca.

"By bringing in the provincial delegates we will have the benefit of their specialised knowledge of their areas," he said.

In London, a spokesman for the Spanish National Tourist Office said: "I have seldom seen anything blown so much out of proportion as the few, but of course regrettable, cases of inconvenience to tourists. Admittedly, a hundred is a hundred too many."

At the moment there are 300,000 Britons in Spain and these 299,900 are perfectly happy and the other 100 are almost happy—not a bad percentage but one that we intend to improve upon."

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Milne (L. Blyth), said yesterday he planned to table private notice question to Mr. John Davies, Secretary for Trade and Industry, asking him to set up an inquiry into the "present conditions in the holiday travel trade."

An ABTA spokesman said that a dossier of events had been compiled to prove that a few hoteliers had been guilty of overbooking.

Assurance

As reported in the *Financial Times* yesterday the Association has announced a Commission of Inquiry to investigate allegations against some tour operators.

"The British public can be assured that if anybody—an ABTA member, a hotelier, a courier or a tourist office—knowingly allows even one person's holiday to be ruined, ABTA will not shirk its responsibilities," said the Association.

Chrysler signs CBI pledge

BY DAVID WALKER

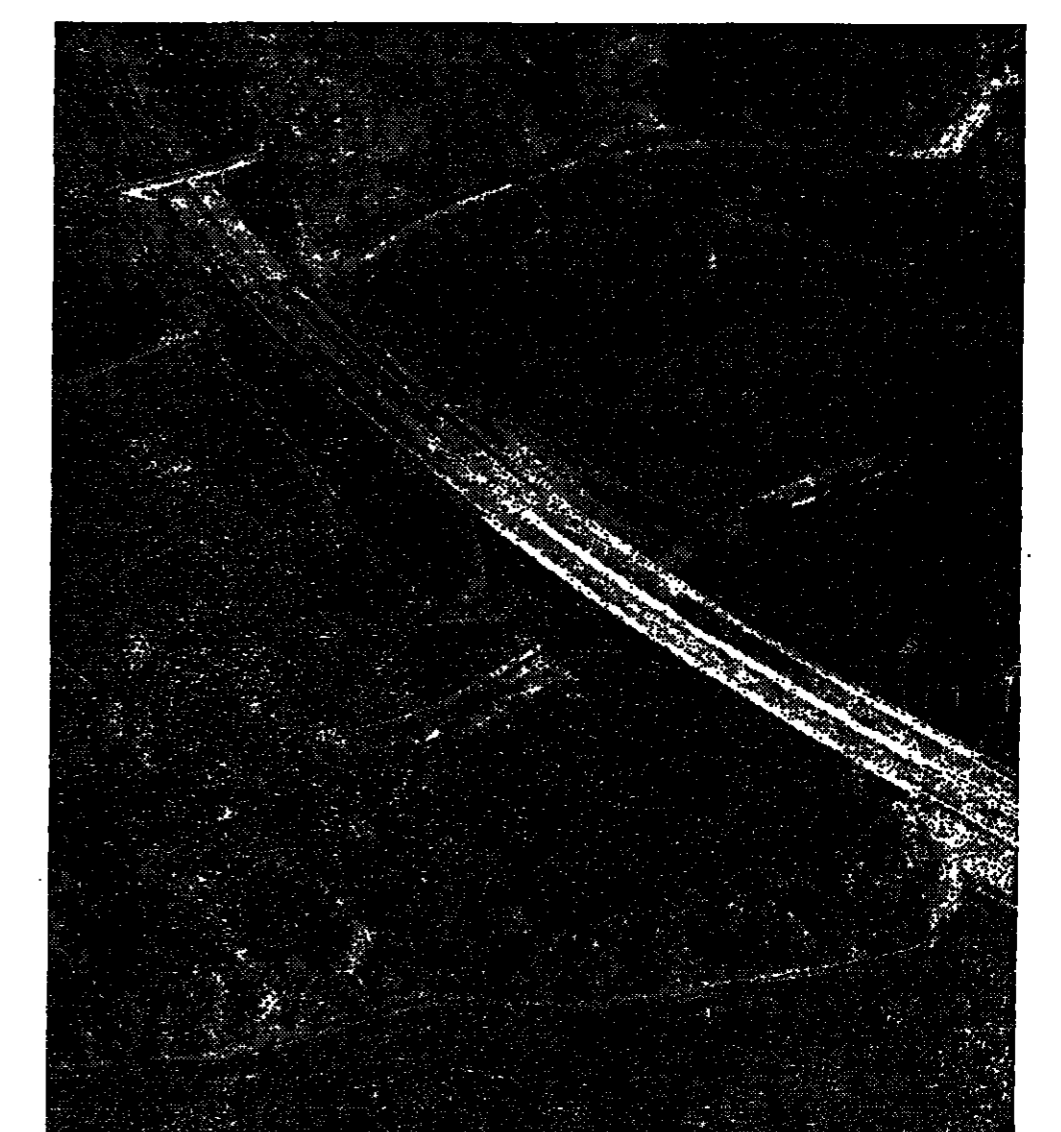
CHRYSLER U.K. has signed the Confederation of British Industry undertaking to restrict price rises to a maximum of 5 per cent. over the next 12 months, it revealed yesterday.

The move leaves Vauxhall Motors as the only one of the big four British vehicle manufacturers still to indicate whether it will follow the CBI price restraint initiative. Both British Leyland and Ford Motor have already declared their

intentions of signing the undertaking. Vauxhall stated last night that it was still considering its position.

Other companies which announced yesterday that they had signed the undertaking include BFB Industries, the £88m. a year building materials, engineering and paper products group, and F. R. Lloyd, the £37.5m. a year steelfoundry concern.

Among other companies which have already pledged themselves to signing the CBI initiative are Guest, Keen and Nettlefold, Hoover, Shell-Mex and BP, an Guthrie Corporation, the £55m. a year carpets, textiles and rubber group, Imperial Chemical Industries has called it "highly probable" that it will follow suit. The Institute of Purchasing and Supply has also lent its support.



Country road, Northumberland

Who says they've got to be cart-tracks? Not us in Northumberland. You've heard of the Great North Road? This is it! And it links Northumberland with the rest of Britain. Bringing London within 4½ hours driving time.

What's more, almost every new factory in the county has a dual-carriageway for a near neighbour. And these link up directly with a motorway network which connects Northumberland with the rest of Britain.

But that's not to say you can't get off the can't-be-beaten-track on to winding lanes—to see the four-fifths of Northumberland which is rolling countryside.

If you're interested in learning more about how your company could benefit from expanding here, contact John Ross, County Planning Officer, County Hall, Newcastle upon Tyne NE1 1SA. Telephone: (0632) 26613.

NORTHUMBRIA



Saleroom

600 gns. for carved wood doll

In a sale of costumes, fans, textiles, dolls, toys and musical boxes at Christie's which totalled £13,512, 600 guineas was paid by Dixon for a carved wood doll, c. 1972.

Bennison and Harding each paid 500 guineas for a late 19th century automaton of a Turk and for a key-wound overture musical box respectively. An ivory brise fan, c. 1780, sold to Turn for 430 guineas, a record price for a fan and another record was 190 guineas paid by Ginsburg for a pair of waistcoats, one c. 1780 and the other 1740. These came from the property sold by the Hove Museum of Art which totalled £1,408.

The London Museum paid 90 guineas for the robes of a squire of the Order of the Bath and 42 guineas for an 18th century lady's bed jacket. The Duke of Bedford bought a doll's house, c. 1840, for 240 guineas.

Christie's jewel sale totalled £41,764. A late 18th century antique diamond collar necklace sold for £5,300 to Seymour, a sapphire and diamond brooch pendant for £2,600 to Music and a diamond necklace for £2,500 to Lubliner.

On the first day of Christie's sale of printed books, manuscripts and autograph letters which totalled £10,873, a first edition of *Pickwick Papers* sold to Hill for £410. Marcus paid £380 for Henry Alkens' *The*

National Sports of Gt. Britain, 1825. At Sotheby's, a sale of 18th, 19th and 20th century paintings realised £32,941. At Phillips' £5,061 porcelain sale, Harris paid £500 for an 81-piece Copeland ironstone dinner service, £250 for a pair of Wedgwood 8-colour Jasper vases and covers and £170 for an Urbino Istorato saucer dish, 1550. At a sale of furniture and clocks by King and Chasemore at Pulborough, Lutley paid £820 for a 19th century satinwood and painted Carlton House writing table and Payne £400 for a Georgian walnut kneehole desk. A 12-inch high French carriage clock went to Bileck for £460.

MINING NEWS

Pan Continental's uranium find

By Kenneth Marston

SURFACE indications of what could be another rich uranium find in Australia's Northern Territory have been obtained by Pan Continental Mining. They come from the East Alligator River area in a lease lying between the exciting uranium discoveries already made by Queensland's Whites (Naburlek) and Peka-Welland (Ranger One).

Two areas of interest have been located by Pan Continental, TJ and 7E. Each contains a sloping line of boulders, the latter of which in the case of TJ has been traced for 170 feet. Grab samples at the latter have given wet chemistry assays ranging from 0.05 per cent. to 0.15 per cent. of uranium oxide, equivalent to 0.6 lbs per short ton of ore, to 3.4 per cent., or 68 lbs per ton.

Boulder trail

The company's consultants state that the results are significant because the occurrence of the boulders suggests that their source occurs locally up-slope. Since the mineralised zone is found in both metamorphic and conglomerate boulders it appears to be associated with a unit within the metamorphic succession in contact with the overlying komolgie sandstone formation. In other words, the hope is that the trail of boulders leads upwards to a sizeable orebody.

Grab samples from the overburden-covered 7E area have given values ranging from 0.05 per cent. to 1.7 lbs. per ton, up to a high of 3.04 per cent. or 60 lbs. per ton. But it is not yet possible to postulate a local bedrock source for the mineralisation in this area.

Occurring in an area of known enrichment Pan Continental's uranium find could be of importance, especially in view of the high uranium values obtained. They compare well with values of about 2 or 3 lbs. per ton being worked at the Canadian mines.

This will give further food for thought in Canada's Elliot Lake district, where a number of uranium producers seem likely to remain in a highly competitive market for some years yet. Pan Continental's 11p to 45p yesterday, there are some 2.6m. fully paid 25-cent shares in issue at 27.5m. options.

MISCELLANY

A consolidated net profit of £30,832 for the past year to June 30 compared with \$99,200 in the previous 12 months is reported by Beldam Coal, the Australian coal producer in the consolidated Gold Fields group. A final dividend of 2.5 cents for an unchanged 2.5 cents for the year.

Company values of better than 100 per cent. together with some 100 have been obtained by similar mines in four boreholes in Orange district of New South Wales.

Glomex Mines has offered elected Mining, Rioalbo Resources and Trendex Mineral Corporation each a stake of 10 per cent. in its interest in 20 claims at Hepar's Well, near Newman in Western Australia. Glomex holds the claims in a joint venture with Western Steel.

From South Africa, Western Tin and Wintersand report low gold values from panning on farm Buffelsdorp. A third intersection in hole UD 18, 300 to 1,530 metres east of the south-western corner of Western Reef has given a 0.15 per cent. assay in the Ventersdorp Contact reef. The same hole cut the timber reef where it assayed 0.15 per cent. of gold.

NICKEL PROFITS IN RHODESIA

A warning that the immediate outlook was "gloomy" was given yesterday's Salisbury meeting of Rhodesian Nickel Corporation, an Anglo-American group company which is developing the main and Madaga nickel mines in Rhodesia.

Our Salisbury correspondent reports that the chairman, Mr. J. Nicholson, said that the nickel market in Europe was "dramatically bad". He recalled that shareholders had been advised at profits in the second half of the year were only half of those earned in the first six months.

Expect profits fall says Laporte chief

WOULD be unwise to expect anything but reduced results for the first nine months—was the warning given to shareholders of the mining group by Laporte Industries (Holdings) by chairman Mr. Aubrey Jones at the annual general meeting yesterday. We would be very disappointed were we unable to hold our present rate of (dividend) distribution, he added.

The reason for the projected drop was that the commission period for the new plant ended at the end of May and since then the full cost of running the plant falls in profit and loss account. "We believe and have been informed in the belief by independent assessment that the process is technically sound and at it is the process of the future," declared Mr. Jones. In 20 months, output from the plant is expected to increase and, in fact, the market is such that we are unable to satisfy total demand for the product.

Although the problems connected with the chloro-plant are clearly placing a strain on the company, it was well supported for cash resources.

Mme. Tussaud's

Seasonal factors as always make it difficult to forecast profits accurately at this time of year, chairman of Madame Tussaud's, Mr. Earl of Ranfurly, told members, but he looks forward to a "bright figure" for the year, a comparison to the results of 1970, and a continuation of the upward trend.

The profit, before tax, for 1970 was £417,439.

An interim dividend, effectively based on 5.56 per cent. to 5 per cent., is declared. Last year's total is an equivalent 17.7 per cent. For the six months ended June 30, 1971, the pre-tax profit is little

Record profit from Unigate

THE UNITED DAIRIES, Cow and Gate milk, food, grocery and transport group, Unigate, reports a record pre-tax profit of £10,873,000 in the year to March 31, 1971, against £9,717,000 in the previous 12 months.

The final dividend is stepped up to 11.5 per cent. from 10.5 per cent. to make the total for the year 16.5 per cent., against 15.5 per cent. previously.

Tax at £3,550,000 was £96,000 lower than last year to increase net profits by £1,052,000 to £5,823,000.

At the half-way stage group pre-tax profit was £10,000 higher at £5,584,000 (£5,481,000) over for the year was £240m., against £210m.

1970-71 1969-70

Turnover £10,873,000 £9,717,000

Operating profit £1,052,000 £960,000

Depreciation £2,521,000 £2,521,000

Interest £1,272,000 £1,272,000

Profit before tax £1,052,000 £960,000

Tax £3,550,000 £3,550,000

Net profit £1,052,000 £960,000

Dividends £1,052,000 £960,000

At a Press conference yesterday Sir James Barker, chairman, said: "We are pretty content that this year will be better than the year we are now reporting on."

On prospects for the group in Britain, he said: "We believe in a very firm and steady growth rate."

This was because of the reduction in the volume of sales of the group in Australia and Canada and to some extent New Zealand. "We are in a unique position to supply the needs of this country in these new circumstances," he said.

The group already makes 47 per cent. of the cheese produced in Britain. In addition, it expects to use its distribution network to handle food imports from the Continent.

The food division has a "spectacular" three-year projection and is expected to be the biggest growth area.

The annual report and accounts will be posted on August 18 and the annual meeting is to be held in London on September 17.

Lead & Alloys outlook

At the annual meeting of Lead and Alloys (Holdings) Mr. Miles Elton said the volume of sales of refined lead and lead alloys during the first three months of the current year was very similar to the equivalent period of last year although the value was considerably less due to the lower price of lead and antimony.

Gross profit margins were currently similar to those prevailing during the latter part of the last year although the group was suffering from the effects of rising costs.

Installation of the new smelting plant was on schedule and it should come into operation during the year.

See Lex

Beecham 'can cope with its problems'

Sir Ronald Edwards, chairman, reiterated at yesterday's annual meeting of the Beecham Group that the Board was confident of the company's capacity to cope with current problems and to sustain growth.

"The half-year that we are at present working through is keeping us busy with the integration of the new acquisitions and the tuning up of new factory operations, from all of which we should be seeing the benefit before long," he added.

Sir Ronald said small price adjustments were inevitable for the group's antibiotics and for some of the consumer products because of the current rate of cost inflation.

A new semi-synthetic penicillin, Flampen, had been successfully launched and "if all goes well" this would be joined within 12 months by "another important addition to our range of antibiotics," stated Sir Ronald.

Clinical trials of a new product for the treatment of Parkinson's disease had so far produced no toxic effects, he said. Beecham was confident that the product would go on the market and compare well with existing treatments.

Cost inflation was affecting Beecham on both the capital and revenue side, declared Sir Ronald, and there was no doubt that the pharmaceutical industry was more than originally budgeted "despite the fact that we made what seemed at the time to be a prudent allowance for inflation."

Beecham's biggest problem area was the U.S., the chairman went on. The acquisition of S. E. Massengill had provided a strong basis on which to operate there "and will help us on both sides of our business." The merger had gone smoothly and the results should be seen in the second half of the current year.

PALACE & DERBY

A group of "rebel" shareholders claiming to represent about 10 per cent. of the capital has formed a shareholders' committee for Palace and Derby Castle, the Isle of Man leisure group.

Some 77 shareholders elected the committee, which is headed by Mr. Thomas Williams, the retired chairman of Williams Toffee Company, and has a number of prominent Isle of Man businessmen backing him—Mr. W. D. Kerruish, Mr. A. Davidson, Mr. J. Manderson and Mr. F. Quayle.

Mr. Kerruish, the secretary, said yesterday the committee would contact the P and D Board with a view to obtaining fuller information about recent setbacks.

FRIENDS PROVIDENT

Friends' Provident and Century Life Office announces record new business for the first six months of 1971. New life sums assured totalled £122.7m. (£99.1m.), new annuities per annum £5.9m. (£3.7m.) and new premium income £4.9m. (£3.1m.). Premium income includes single premiums relating to ordinary

ing the last quarter of the current year.

On the extension of activities into other branches of the metal industry, he said some progress had been made on two projects currently under consideration and if the negotiations reach a successful conclusion shareholders would be informed.

Statement Page 11

Fairey to pay 12½% more

FROM PROFITS well in excess of forecast the Fairey Co. is lifting its dividend from 10 to 12½ per cent. for the year to March 31, 1971, with a final of 12½ per cent.

The pre-tax figure is £1,552,000, against a forecast of an excess of £1.2m., and compared with a loss of £241,000 for the previous year.

The group, as a whole, is under active development and progress is being made, says chairman, Sir Joseph Hunt. There is reason for confidence about the performance of the group in the current year, he adds.

The past year's improvement is attributable to an increase of nearly 50 per cent. in normal trading profits and the absence of any exceptional charge in respect of the Pungness "B" contract for which an amount of £1,300,000 was provided in the previous year as a result of final settlement with the Central Electricity Generating Board, says Sir Joseph.

After allowing for abnormally low tax of £483,000 due to relief from losses forward, the net profit for the year amounts to £1,069,000.

1970-71 1969-70

Turnover £1,552,000 £1,552,000

Operating profit £1,552,000 £1,552,000

Associated loss £1,552,000 £1,552,000

Exceptional debit £1,552,000 £1,552,000

Profit before tax £1,552,000 £1,552,000

Taxation £1,552,000 £1,552,000

Net profit £1,552,000 £1,552,000

Tax written back £1,552,000 £1,552,000

Minority holders £1,552,000 £1,552,000

Dividends £1,552,000 £1,552,000

Reserves £1,552,000 £1,552,000

Comprehensive sales involved at fixed prices, together with the estimated sales value of goods delivered and accepted under contracts which have not been the subject of price settlement £2,249,000 (£1,187,000).

Provided in respect of "B" contract, £1,069,000 (£1,300,000). U.K. corporation tax £475,000 (£36,000 re-covered). Overseas tax £17,000 (£23,000).

Dividends £1,552,000 (£1,300,000). In arriving at tax payable relief has been taken for losses brought forward which has reduced tax charge by approximately £12,000 in the U.K. and £25,000 overseas. Recoverable.

Details of the sale of Canadian properties and of development plans for the Heston site were reported yesterday.

The progress and results of individual operating companies and the disposal of unprofitable companies will be dealt with in detail in the chairman's annual statement.

Meeting of the company—nuclear and hydraulic engineers—will be held on October 6.

See Lex

ELECTRONIC RENTALS

Colour TV brings upsurge in demand



Points from the Review by the Chairman, Sir Charles Norton.

Results for the Year

Profit before Taxation showed an increase of no less than 66% to an all time high of £1,775,899. Profit after Taxation exceeded £1m. for the first time. Total dividends for the year amount to 37.5% (1970—30%). Retained profit increased by £349,923 to £460,561.

| YEAR TO 31st MARCH | 1971 £000's | 1970 £000's |
|-------------------------------|----------------|----------------|
| Profit before Depreciation | 5,325 | 4,422 |
| Profit before Tax | 1,775 | 1,067 |
| Profit after Tax | 1,117 | 633 |
| Cost of Dividends | 625 | 484 |
| Issued Capital (In 5p Shares) | 1,684 | 1,611 |
| Shareholders' Funds | 5,383 | 4,934 |

Rental Division

All companies made good progress. Demand for colour continued to grow but at a steady rate due to heavy credit restrictions. Visionhire, the principal contributor to the increase in Group profit, is expanding its share of the market for colour sets on rental.

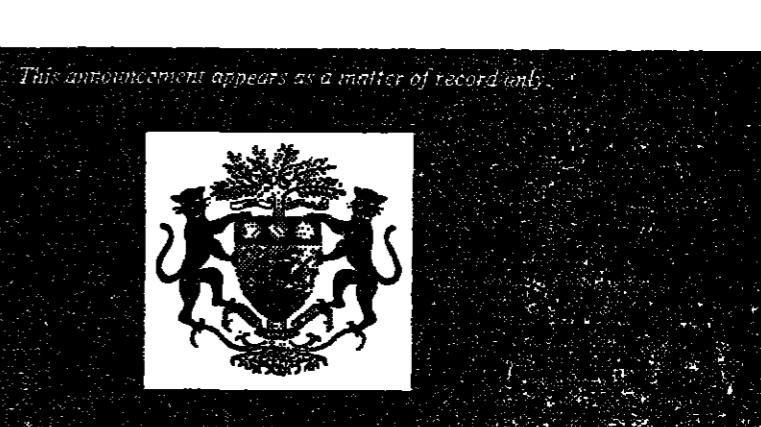
Camping and Leisure Division

Turnover increased and forward orders are at record levels. Newly acquired J. Langdon & Sons' integration with Pneumatic Tent Company—as PTC Langdon Limited from 1 January, 1971—was well received by customers.

Future Outlook

The success of your Group for some years will undoubtedly be linked with the success of colour television and all the indications are that there will be an increasing demand for the service that your Rental Division offers. At the same time, the other Divisions will be taking all steps open to them to ensure that they are not completely overshadowed. The Camping and Leisure Division, in particular, after a most active year, has high hopes for the future. Your Board look forward to the future with every confidence and I anticipate that shareholders will have cause for satisfaction when the results for the current year are known.

Electronic Rentals & General Holdings Limited



Gabonese Republic \$10,000,000 Five Year Eurodollar Loan

- | | |
|---|--|
| BANKERS TRUST COMPANY | CREDIT LYONNAIS |
| Associated Japanese Bank (International) Limited | Banca Commerciale Italiana |
| Bank of America N.T. & S.A. | Bankers Trust Company |
| Banque Française du Commerce Extérieur | Banque Internationale pour l'Afrique Occidentale |
| Banque Nationale de Paris | Barclays Bank D.C.O. |
| Continental Illinois National Bank and Trust Company of Chicago | Crédit Lyonnais |
| Japan International Bank Limited | The First National Bank of Chicago |
| The Standard Bank Limited | Union de Banques Arabes et Françaises—U.B.A.F. |

Star (G.B.) outlines policy

The new chairman of Star (Great Britain) Holdings, Sir Brian Mountain, has sent a letter to shareholders outlining the future policy of the company.

After outlining the development policy at home and abroad and spelling out the relationship with Trisac Corporation, in which Star is a majority shareholder with 60 per cent. of the equity, Sir Brian goes on to comment about the U.K. property portfolio.

He tells shareholders that properties with a book value of £22m. are expected to be disposed of at a price at least 25 per cent. in excess of book value. Of the total, £5m. has already been sold, and a further £4m. is under offer.

Star intends to bring the year end of all the group companies into line, and will change its year end to October 31. Star's current trading period will therefore run from April 1, 1970, to end October, 1971. The Trisac trading period will therefore run from January 1, 1971, to October 31.

It is intended to publish in the autumn unaudited interim profit figures for the group in respect of the year to March 31. A second interim dividend will be declared on September 30.

In conclusion, Sir Brian tells shareholders, "We look forward to showing expanding growth in earnings per share over the next two years and, following the completion of certain of our major development projects, a considerable uplift in asset values."

Electronic Machine

From turnover of £1.76m. (£1.52m.), profits of Electronic Machine have fallen from £275,567 to £121,076 in the year ended March 31, 1971.

The dividend is up from the equivalent of 12.23 per cent. to 12½ per cent., the final being 9½ per cent.

After tax £40,280 (£38,350), net profit came to £50,796 (£177,217). The dividend absorbs £76,576 (£74,906). Exceptional items of £143,000 have been provided.

Meeting, September 15.

MINING BRIEFS

LONDON TIN—Amalgamated Tin Mines of Nigeria: Columbia output for June (four weeks): 12 metric tons (May: four weeks: 8 metric tons).

MOUNT ISA—Four weeks to July 25: ore mined 15,867 tons, produced 5,879 tons crude lead and 12,440 tons zinc concentrates. Copper ore treated 284,220 tons produced 9,350 tonnes blister copper.

Lee Cooper's financing plan

To improve the liquidity position at Lee Cooper it is intended to enter into a sale and leaseback arrangement for the Harold Hill factory and new warehouse, and negotiations for this purpose have been completed, says the chairman, Mr. E. C. Cooper.

The capital sum involved is £400,000. Directors recently purchased new warehouse premises immediately adjoining the Harold Hill factory. This will enable the group to dispense with its separate warehouses and it is intended to dispose of these in the very near future.

The move to the new premises should be complete by mid-September and the resultant consolidation of warehousing and sales servicing will considerably increase efficiency.

As reported on July 10, pre-tax profits fell from £283,704 to £22,226 and the dividend is cut from 25 per cent. to 10 per cent. With the exception of Denmark, overseas companies did well and although the U.K. company had not held its own, much progress was achieved in the export field. The current year should yield better results, says the chairman, although it must be appreciated that many of the corrective measures taken will require time to be really effective.

In spite of the past year's poor results, directors are very confident of the future. The leasehold premises at Harold Hill were renewed during the year and the surplus arising of £122,903 has been credited to capital reserve. Due to the reorganisation of the warehouses at Harold Hill it was not possible to carry out a physical count at March 31, 1971, of finished goods stocks included in the balance-sheet at £736,000. Physical counts of certain items which have taken place since the year end have revealed discrepancies and investigation in these would seem to indicate that the computer records may understate the quantities of finished goods. A new computer was installed towards the end of 1970 and consistent testing troubles were experienced in the early months of its installation. The directors have included in the balance-sheet finished goods stocks according to the quantities shown in the computer records. The auditors report on the accounts carries a qualification to this. The group manufactures men's and ladies' jeans and casual wear.

Tourist Board calls for Government hotel grading

BY JOHN HUNT

A SYSTEM for the grading and classification of hotels should be introduced by the Government without delay, urges the English Tourist Board in its annual report published today.

Unlike the British Hotels and Restaurants Association, which is opposed to such a scheme, the Board sets it as the best method of protecting the foreign visitor.

"Registration and classification by objective standards is seen as being in the best long-term interests of the consumer and the tourist industry," the report states.

"Protection"

"Indeed, the bona fide hotel keeper should welcome the protection which registration can bring to him."

It points out that the Government has yet to activate the section of the Development of Tourism Act which allows for registration and classification of tourist accommodation.

The Board re-affirms support for the proposal and for the notification of low and high season price ranges. Even if the Government were to take the decision now, it would take many months of research and preparation.

which, in effect, is a direct substitution of their own home environment, the public is demonstrating its preference for self-catering accommodation."

The report records that the Hotel Development Incentives Scheme achieved a high rate of response with over 2,500 applications for grants totalling £52m. during the year to last March 31.

Bad start for U.K. resorts

BRITAIN'S holiday resorts have had an "absolutely disastrous" start to the summer season, the British Hotels and Restaurants Association said yesterday.

The association blames the general industrial and economic unrest. "A holiday is among the first things which a person economises," an association spokesman said.

"Resorts are definitely finding a bit of a squeeze on discretionary spending, with a consequent drop in bookings, and in the shops in the area."

There has also been a fall in the numbers of holidaymakers, especially in South West England and Blackpool. The postal strike and increased rail fares also hit bookings at resorts.

Self-catering

"Smaller hotels and guest houses, on the other hand, which in many resorts form the bulk of tourist accommodation, are finding that the traditional appeal of homely accommodation by the sea is losing its attraction."

"Offered accommodation

Sharp rise in exports of ferrous scrap

EXPORTS of ferrous scrap have rocketed from 11,242 tons in January to 42,034 tons in May, according to figures published yesterday by the British Scrap Federation.

The upturn coincides with the gradual easing of the Government's ban on overseas sales of scrap, which culminated in mid-April with the granting of an open general licence for the export of scrap, but with certain highly specialised grades. The situation is due to be reviewed by the Department of Trade and Industry in October.

Open licence

Mr. Alfred Cooper, president of the BSF, yesterday urged permission for "continued general exportation rather than an open licence for a period and then a complete shutdown."

He claimed in London that the Government move had done too little, despite the scrap surplus in the U.K., for producers to take advantage of peak demand conditions in Europe.

As a result, British producers obtained in January an average export price of around £20 a ton, while by May that figure had dropped to £16.

According to a report from the Federation, British scrap merchants and processors have

little to fear if the U.K. enters the Common Market.

Prices would fluctuate as a result of the likely ending of the present Scrap Agreement with the U.K. steel industry, but the average level would probably be higher, the report maintains.

Access to such traditional markets as Spain and the Far East, however, might well be severely curtailed. "But British merchants have had to live with a stop/go export policy for a long time."

"The total market potential will be much greater. Profits will be made, and there is no lack of prosperous European merchants to prove this."

Stainless steel

The Department of Trade and Industry announced yesterday that the ban on exports of stainless steel scrap worth between £150 and £350 a ton is to be removed on August 3.

The ban on overseas sales of iron and steel alloys containing 50 per cent. or more of iron and 5 per cent. or more of nickel, and valued at less than £350 a ton, was imposed some 18 months ago when the world nickel shortage was at its height.

The British Scrap Industry and the Common Market. British Scrap Federation, free to members.

Industry 'should lift ban on study of alcoholism'

DUSTY SHOULD lift its ban on investigations into the rising problem of alcoholism and should open research and social workers to factories, says a report published yesterday by the Medical Council on Alcoholism.

A conference is urged with workers from both sides of industry. The council offers to finance the conference and suggests that Sir Keith Joseph, Secretary for Social Services, should attend.

The cost of the "hidden disease" to industry is estimated at £50m.

The number of young alcoholics increasing, says the council, they have more money and are seeking "shortcuts" at an earlier age.

A recent report showed that if of the police proceedings, most drivers for drink or drugs

last year involved motorists aged under 30.

Eight new centres had been opened by Alcoholics Anonymous for youngsters.

"Odd refusal"

The report comments that the industrial scene was the one disappointing area.

Industry's "odd refusal" to allow research and information centres was difficult to explain. Could it be because of fear that research would show the incidence in either the boardroom or workshop floor was too high and that figures might be used as "weapons" by management or unions?

"If so, such shibboleths based on Victorian temperance attitudes, must be removed."

Bankers' records on microfilm

NEARLY 1.5m. shareholders' records are to be transferred to microfilm by merchant bankers Hill Samuel and Co. using the COM (computer output on microfilm) technique.

It represents an investment of £100,000 in equipment and a further £100,000 in development costs, and should come into operation early next year.

The computer will print on to one postcard-size piece of microfilm a microfiche—the summarised details of 6,000 shareholders' accounts. Thus the essential details of 1.5m. shareholders in 180 companies will be stored in a space equivalent to the size of a small book.

The existing card register filing system occupies 27,000 times that space.

Access to the account of any shareholder can be achieved in 7-10 seconds. The system will allow Hill Samuel to take on an increased number of clients and at the same time update share transfers faster.

Management change

This technical advance is being accompanied by a change in management structure. The Registration Department has been set up as Hill Samuel Registrars under the chairmanship of Mr. Kenneth Winkles. Hill Samuel's finance and administration director will be Mr. Edwin Bennett, formerly the director in charge of the Department.

DISCUSSIONS IN LIBYA

TRIPOLI, July 27. Malta's deputy premier Dr. Anton Buttigieg today continued his round of high-level policy talks with Libyan leaders here, a major subject of which is believed to be Britain's base in Malta.

Observers here say that judging from statements made so far, Malta is willing to terminate the agreement with Britain in line with Libyan wishes, but is stressing the economic difficulties.

Malta is believed to be pointing out that income from the base is needed for the island to exist, and restricting the base or eliminating it completely would depend on financial aid and other assistance.

APPOINTMENTS

Mr. Hooker heads Crane Fruehauf



Mr. F. A. Buttner

Mr. Ronald G. Hooker, managing director of CRANE FRUEHAUF TRAILERS since February 1969, has been appointed chairman. He succeeds Mr. Ian T. Morrow who has resigned from the Board because of increased commitments, particularly Rolls-Royce (1971), of which he is deputy chairman and managing director.

Mr. Hooker is succeeded as managing director of Crane Fruehauf by Mr. D. R. Marsh, who was previously sales and marketing director.

Mr. David R. Stevens and Mr. John R. Storer have been appointed directors of the CRANE FRUEHAUF TRUST SYNDICATE, a member of the 117 Group of companies.

The Board of LANDEL INSURANCE HOLDINGS, which will hold the insurance underwriting interests of Shipping Industrial Holdings, the parent concern, consists of: Mr. Peter Parker (chairman), Mr. G. C. Burt, Mr. J. W. Haynes, Mr. I. T. Morrow, Mr. J. S. Straw, Mr. D. M. Horne, Sir Patrick Reilly and Mr. C. G. G. Walman.

Mr. John V. Leigh, Hertfordshire's county surveyor for the past nine years, is to leave local government in October to take up an appointment as director general of the ASPHALT AND COATED MACADAM ASSOCIATION.

Mr. Leigh's successor as county surveyor will be Mr. Michael F. Hardy, at present deputy county surveyor.

been appointed a director of MCGREGOR SWIRE AIR SERVICES, REPCON INTERNATIONAL and REPCON (U.K.), subsidiaries of the Ocean Steamship Company.

Mr. Russell Pearce is to retire from the Boards of HAZELL SUN, SUN PRINTERS and the SYNDICATE PUBLISHING COMPANY on August 31. He has been sales director of Sun printers since 1952.

Mr. H. A. Walkinshaw, a director of SCOTTISH SHIP MANAGEMENT, has been appointed managing director of the company from August 1.

Mr. James G. Marshall becomes financial director on the same date.

Mr. F. A. Buttner has been

been elected to the Board of INTERNATIONAL AERADIO (BOAC) as a nominee of the 'A' Ordinary shareholders in succession to Mr. C. A. Herring, an executive Board member of BEA, who has retired from the IAL Board.

The holders of the 'B' Ordinary shares have elected Mr. G. Sirtoll, the nominee of Alitalia Linee Aeree Italiane S.p.A. to the Board in succession to Mr. S. A. Picotelli who has served for the statutory two years as the nominee of Scandinavian Airlines System.

The 'A' class shareholders have also appointed Mr. R. M. Ellary, commercial director, BOAC, and Mr. G. C. Draper, director, travel sales division, BEA, to the IAL Board.

Mr. M. A. A. Britwell has been appointed chairman of the northern weaving division of COURTAULDS. Mr. A. Ellis has become a director of BRITISH CELANESE, a Courtaulds subsidiary.

Mr. Kenneth Forster has been appointed a director of HASLENIERE ESTATES.

Following the retirement of Mr. H. T. Kirby from the Board of the PRINCE OF WALES HOTEL COMPANY, SOUTHPORT, Sir Stanley Bell has been appointed chairman.

Mr. James Mawdsley has been co-opted to the Board.

Following the sale by Excess Insurance Company of the whole of its shareholding in C. E. HEATH AND CO., Mr. H. G. Jago has resigned from the Board of the latter company, effective July 31.

Mr. E. A. Bateson, Mr. R. A. Bell and Mr. J. J. Burton have been appointed to the Board of C. E. Heath and Co. (Insurance Brokers) from August 2.

Mr. P. T. Hollows has been elected senior vice-chairman of the NORTHERN STOCK EXCHANGE in succession to Mr. P. Q. Henriques who has resigned on medical advice.

Mr. N. Koomans has been appointed to the Board of PHILIPS ELECTRONIC AND ASSOCIATED INDUSTRIES. He will have special responsibilities for production. Mr. Koomans succeeds Mr. D. Van Anstel who is taking up a senior appointment with Philips in Europe.

Mr. R. A. Spencer, financial director of the BEA group, has

The Board of the wholly-owned subsidiary RAND MINES has been reconstituted. Mr. D. Beckingham, Mr. G. C. Fleet M.C., Mr. J. G. Richardson, Albert Robinson and Mr. L. Stoford-Sackville have resigned. Mr. C. S. Barlow, Mr. A. Rosholt, Mr. G. W. Dunningham, Mr. G. H. Butlerman and Mr. F. Wilson-Milne have been appointed to the Board.

Mr. Diarmuid Guinness has been appointed a director of GUINNESS MALAYSIA BERHAD from August 1.

Mr. Peter M. Cox has been appointed general secretary of newly-formed ASSOCIATION OF CONFERENCE EXECUTIVES.

Mr. M. R. L. Dowling and J. E. Roberts have resigned from the Board of KATHLEE INVESTMENTS (AUSTRALIA).

Mr. L. Jones and Mr. J. St. have been appointed directors, CATTION AND CO. (WATER GROUP). Mr. Jones was formerly chief engineer and Mr. St. a assistant to the works director.

Mr. J. B. Grugan, deputy leader of the Kent County Council, has been appointed a member of the SOUTH EAST ECONOMIC PLANNING COUNCIL.

Mr. Leo H. Hall has joined the Board of STONEGANG SECURITIES.

Mr. James Jack has retired from executive duties with BRITISH STEEL CORPORATION after 38 years in the industry. He continues as a part-time consultant and retains the position of non-executive chairman of certain BSC subsidiary companies. West Africa. He also continues as chairman of the Board of Simpson Rolling Mills.

Mr. J. W. Plaster and Mr. J. White have been appointed managing directors respectively of LINTAFOAM (LOUDWATER) and LINTAFOAM (MANCHESTER) the new operating companies formed by Lintafilm, part of the Guthrie Corporation.

The other directors of the new companies are: Lintafilm (Loudwater)—Mr. J. C. Ratcliff (chairman), Mr. S. B. Cant, Mr. A. Gilbert, Mr. P. Hadden, Mr. K. Pater and Mr. A. J. Welford; Lintafilm (Manchester)—Mr. B. Cliff (chairman), Mr. Cant, Mr. A. W. Easter, Mr. F. N. Emer, Mr. G. Holt and Mr. R. Woodbridge.

THE JOHNSON MATTHEY GROUP



Mr. L. C. Montague
Retiring Chairman

Year ended 31st March 1971

| | |
|-------------------------|---------------|
| Group pre-tax profits | £6.26 million |
| Taxation | £2.16 million |
| Ordinary share dividend | 12½% |
| Retained | £1.88 million |



Lord Robens
New Chairman

Extracts from Mr. L. C. Montague's address to Shareholders at the Annual General Meeting on 28th July 1971

At the close of this meeting I shall be severing my connection with the Company except as a small shareholder, and as I have been close to the hub of its affairs for 38 years, first as Secretary and later as a Director, I hope that you will not feel that I am wasting your time if I share with you some of my thoughts about it.

The visible achievements of the Company over that period are possibly well known to you as they are to me. At the start of that time and for a number of years following we had an issued capital of less than half a million pounds, not more than 500 employees and, outside of the United Kingdom, small footholds in the United States and Canada only.

Today we have an issued capital of £17 million and reserves of £20 million, 8,500 employees and a world-wide network of subsidiary and associated companies.

This growth has not been fortuitous. The foundations for it were well laid by our forerunners, but the greater part of what has been built on those foundations represents the efforts of those who happily are still in the Company's service some at this meeting and others in the offices, laboratories and workshops of the Group in this country and abroad.

We have always been fortunate in having a number of outstanding people in the Company's service... given this, what makes for success is the fitness of each man for his particular responsibilities, a good measure of harmony within each group, and close integration of all the groups into a single team.

I believe that today these conditions are met in greater degree than at any time in my experience. It is an uncommonly well integrated team, and I am not making a show of modesty in saying that my replacement by Lord Robens, with his proven achievements and his enormously wide industrial experience, cannot fail to add to its performance.

I ask you to accept that in saying this I am not paying a conventional courtesy to the colleagues I am leaving. That would be quite out of place at such a time as this.

What I have expressed is my cold-blooded appraisal of the management of your Company, and of its fitness to cope with whatever conditions lie ahead.

Members of the public who would be interested in receiving a copy of the Directors' Report and Statement of Accounts are invited to write to The Secretary, who has a limited number of copies available.

| | 1971 | 1970 | 1969 | 1968 | 1967 |
|---|------------|------------|------------|------------|------------|
| Profit of the Group before taxation | 6,255,824 | 9,224,480 | 7,142,422 | 8,136,087 | 4,308,196 |
| Profit of the Group after taxation | 4,099,376 | 4,791,848 | 3,948,027 | 4,309,179 | 2,454,614 |
| Total distribution to shareholders, net | 1,293,150 | 1,254,970 | 1,155,278 | 864,925 | 289,608 |
| Retained | 1,882,157 | 2,615,212 | 1,912,148 | 2,524,655 | 939,635 |
| Capital employed | 45,778,492 | 47,764,866 | 44,240,804 | 31,041,726 | 22,835,703 |

JOHNSON, MATTHEY & CO., LIMITED
78 Hatton Garden, London EC1P 1AE

BEA earns over £300m. for Britain

BY RAY DAFFER

BRITISH European Airways, in its 25th year, ended on Sunday with a record year. The airline's earnings were more than 94m. for Britain.

The airline was launched with a capital of £20m. in 1946. It made its first report—of £2m. It was not until its 15th year that it made its first profit—a fraction over £50,000. Today, claiming to be Europe's number one airline, BEA has four subsidiaries and eight associated companies and a capital of £157m. In the 25 years it has paid a dividend of £54m. in interest on its borrowings.

In 1969-70 the airline's total income was £128m. of which £7m. was earned in foreign currencies.

After reductions BEA's contribution to the national balance of payments during that year was £29m.

The airline has been the British aircraft industry's main customer, having spent £1,200m. over the years on its all-British fleet.

The present fleet is 106 aircraft, and the airline should be the first to land passengers in the mid-1970s. BEA Trident jets will be landing "blind," using the all-British Autoland system.

To-day's events

PARLIAMENTARY BUSINESS: Second day of session on the Industrial Relations Bill. House of Commons: 11.30. House of Lords: 2.30. **HOUSE OF COMMONS:** Bill on the Industrial Relations Bill. **HOUSE OF LORDS:** Bill on the Industrial Relations Bill. **COMPANY MEETINGS:** BECHTEL CONSTRUCTION, Cardiff. (Chairman, Mr. J. G. Cooke.) **BRADFORD PROPERTY TRUST:** Bradford. (Chairman, Mr. J. G. Cooke.) **BRITISH STEAM SPECIALITIES:** Bradford. (Chairman, Mr. J. G. Cooke.) **BRITISH CINEMATHECA THEATRES:** 9, Richmond Buildings W. 2.45. (Chairman, Mr. J. G. Cooke.) **BRITISH STEAM SPECIALITIES:** London. (Chairman, Mr. J. G. Cooke.) **CASTINGS:** Sutton Coldfield. 12.30. (Chairman, Mr. J. G. Cooke.) **CHARINGHAM LIVERY:** 40, Charingham Lane. 12.30. (Chairman, Mr. J. G. Cooke.) **INDUSTRIAL TRUST:** 25, Charingham Lane. 12.30. (Chairman, Mr. J. G. Cooke.) **DARKELL SHEPHERD:** 4.30. (Chairman, Mr. J. G. Cooke.) **DONCASTER (DANIEL) AND SONS:** Sheffield. 12.30. (Chairman, Mr. J. G. Cooke.) **ELECTRONIC RENTALS AND GENERAL HOLDINGS:** St. Ermin Hotel, S.W. 12. (Chairman, Mr. J. G. Cooke.) **ELECTRONIC TRUST:** 8, Crosby Square, E.C. 10.45. (Chairman, Mr. J. G. Cooke.) **EXTERNAL INVESTMENT TRUST:** 28, Fenchurch Street, E.C. 12. (Chairman, Mr. J. G. Cooke.)

7.4% TAX FREE

Deposits taken in U.S. currency or Pounds Sterling. Minimum \$500 or equivalent.

Period of deposits 6 months to 2 years. (Rates for other periods will be quoted on request.)

Interest credited quarterly.

Deposit Receipts will be issued in U.S. Dollars or Sterling.

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COUNTRY _____

DATE _____

**GENERAL APPOINTMENTS
APPEAR TODAY ON PAGE 14**

**YOUR CAREER
IS OUR BUSINESS**

Geoff Hines, Mars Ltd., Dundee Road, Slough, Bucks.

Mars

**Philip Shelbourne,
117 Old Broad Street,
London, EC2N 1AL.**

**Mr. H. Gorell Barnes,
MESSRS. MORGAN GRENFELL & CO. LIMITED,
23 Great Winchester Street,
London. E.C.2.P. 2AX.**

The London office of a fast growing international firm of Chartered Accountants wishes to recruit a qualified and experienced Personal Tax Specialist. The successful candidate should have sound knowledge of U.K. Personal Taxation based upon at least a two year period since qualification as a Chartered Accountant. The nature of the work includes international taxation and tax planning. And the funds amount to £25,000 per annum plus a negotiable salary between £3,000-£13,500 plus fringe benefits. The firm provides continuous training with excellent opportunities of promotion right through to Partner level. Interview with career details to:

Mr. Timms,
Arthur Andersen & Co.,
85 Abchurch House,
Fleet Street,
London, EC2Y 5DD
or telephone him on 01-560 8888

Require the following staff:—
Manager, Valuations Department
 To direct, co-ordinate and supervise the work of the Private Clients' Portfolio Valuations and to supervise all types of portfolio records, including the control of the Kardex record section.
Male Contracts Clerk
 Complete working knowledge (minimum of 3 years experience) of Stock Exchange commission rules.
Junior Clerical Staff
 Two juniors for work in General Office departments.
 Excellent working conditions, salary, bonus, etc.
 Please write: Mrs. Suzanne Coleman, Buckmaster & Moore, The Stock Exchange, London, EC2P 2JF, or telephone 01 588-2868.

A wide range of excellent opportunities exist for young people in leading City Banks and Brokers. For further details please contact:—
Mrs. Stannard, ALGATE Financial Division,
78 Queen Victoria Street, E.C.4. 'Phone 248 6071

**D. W. Middleton,
Tarmac Limited,
Ettingshall,
Wolverhampton,
WV4 6JP.**

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Appointments & Personnel Consultants

Attractive salary, subject to negotiation, will be paid according to age and experience.
Tel: 01-626 9571 or write Personnel Officer,
The Bank of Nova Scotia, 24-26 Walbrook,
E.C.4.

LONDON WALL GROUP

Investment department handling expanding funds has vacancy for young analyst with basic experience, preferably age 20-22. Progressive post with considerable scope.
APPLICATIONS TO—Executive Director
London Wall Group, 6 Angel Court, London, EC2R 7JH

 The MSL Consultant has analysed this appointment.
MSL, 17 Stratton Street, London, W1X 6DB.
Your enquiry will be in confidence.

**The Secretary,
OLD BROAD STREET SECURITIES LIMITED
39 King Street,
London EC2Y 8DT.**

Applications, which will be treated in strict confidence, should be made to Box FT/3963, c/o Charles Barker Recruitment Limited, 20, Cannon Street, London, E.C.4.

Good Salary, pension scheme, medical insurance, etc.
Write with full details to Managing Director, Box A2092,
Financial Times, 10, Cannon Street, EC4P 4BY.

Applications to: Reference AB'148.
BBDO CITY LIMITED, BOSTON HOUSE,
63-64 NEW BROAD ST. LONDON EC2M 1JJ.

INVESTMENT Heron Group of Companies wishes to make the following

Small/medium firm of stockbrokers require an experienced analyst, agent or financial development manager. Previous experience in this field is essential. Salary not negotiable. £2,500-£2,750 and £1,000-£1,200 per week respectively. An experienced employee who has worked for 1 year in this position would be preferred. Applicants for the above position should send their CVs to: Mr. J. R. Finch, Financial Controller, 19, Marlborough Road, London, N.W.1.

BIRMINGHAM STOCKBROKERS require fully experienced contracts clerk. Generous salary to be negotiated. Write Box A 2096, Financial Times, 10, Cannon

Please apply in the strictest confidence quoting reference number 1266 to Cliuc & Stokes, 14 Bolton Street, London, W1Y 8JL.

for general office duties, preferably with some London broker experience. An excellent long term opportunity. Good salary for right man. Write Box A2105, Financial Times, 10, Cannon Street, EC4P 4BY.

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**REPUBLIC OF KENYA
TANA RIVER DEVELOPMENT COMPANY
LIMITED**

KAMBURU HYDRO-ELECTRIC PROJECT

The development comprises a dam and associated civil works together with an underground power house for two ultimately three Francis turbine generators together with a surface sub-station and control buildings.

This is the third of a series of three invitations to tender, the first and second having been issued for the transmission line, the sub-station, the transmission line, miscellaneous mechanical plant and general electrical equipment contracts.

Financing of the development will be assisted by a loan from the International Bank for Reconstruction and Development and other lenders from I.B.R.D. member countries and Switzerland may participate as no expenditure will be permitted outside these territories.

Separate tenders for the undermentioned contracts will be called for at a date still to be decided.

SALES, CIVIL, ELEC.

| | | |
|---|--|--|
| | | Earliest Date of Tender Document Issue |
| Contract Number | Contract Description | 19-71 |
| KAM 620 | Transformers | |
| | Supply and erection of two 37 MVA 132/11kV ONAN OFAP Generator Transformers and one 80 MVA 132/11kV ONAN-OFAP Auto Transformer complete with on-load tap changing equipment having a 20% range. | |
| KAM 630 | Sub-stations Equipment | 19-71 |
| | Supply and erection of equipment and materials for a new 132/13kV outdoor substation consisting of the extension of two existing 132kV sub-stations including five 132kV and 132/13kV and two 11kV busbar breakers. Switching capacity of these three voltages also for 22kV and 11kV. The 132/13kV switchgear coupling equipment for the lower line carrier equipment covered by Contract KAM 640 including capacitor voltage transformer, strain and sand insulators bus-bars and connections, surge diverters, earthing steel bars, fuses, three 500 kVA station transformers, two 11/0.415kV with on-load tap changer, four 11kV distribution transformers neutral earthing units, loose current transformers, control relay board and metering bank, two control desks, MVAC switchgear, 110 and 500 vdc batteries with charger and DC distribution boards, power and multistate control cables, earthing and sundries. | |
| KAM 650 | Remote Control and Power Line Carrier Equipment | 19-10-71 |
| | Supply and erection of electrical and electronic telemetry equipment, two links, one of 20 analogues 110 contacts, and one of 9 analogue's contacts. Electro-mechanical relays remote control equipment with 19 line state controls and 15 analogue state controls. Power line carrier equipment with communication link, A.F. frequency shift modems, and protection signalling equipment for one 105 km line. One 20 d line PAX exchange and additional connecting trunk call selectors for two existing exchanges. | |
| | The commissioning date of the development is to be March, 1974. | |
| | Intending bidders should state which contract they are interested in and submit a proposal under a brief description of comparable works they have performed. These particulars are to be submitted in the English Language to the following addresses: | |
| The Secretary Tanah Reri Development Company Limited, Electricity House, Maramba Avenue, P.O. Box 7936, MAIPOBI, Kuala Lumpur, East Africa. | Engineering & Power Development Consultants, Marlowe House, 105 Station Road, SUSUP, Kuantan, DAIS WAU, United Kingdom. | |

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ENGINEERING AND METAL—Gen. Cont.

HOTELS AND CATERERS—Continued

| 1971 | High, Low | Thru- the- year | 1970 | 1969 | 1968 | 1967 | 1966 | 1965 | 1964 | 1963 | 1962 | 1961 | 1960 | 1959 | 1958 | 1957 | 1956 | 1955 | 1954 | 1953 | 1952 | 1951 | 1950 | 1949 | 1948 | 1947 | 1946 | 1945 | 1944 | 1943 | 1942 | 1941 | 1940 | 1939 | 1938 | 1937 | 1936 | 1935 | 1934 | 1933 | 1932 | 1931 | 1930 | 1929 | 1928 | 1927 | 1926 | 1925 | 1924 | 1923 | 1922 | 1921 | 1920 | 1919 | 1918 | 1917 | 1916 | 1915 | 1914 | 1913 | 1912 | 1911 | 1910 | 1909 | 1908 | 1907 | 1906 | 1905 | 1904 | 1903 | 1902 | 1901 | 1900 | 1899 | 1898 | 1897 | 1896 | 1895 | 1894 | 1893 | 1892 | 1891 | 1890 | 1889 | 1888 | 1887 | 1886 | 1885 | 1884 | 1883 | 1882 | 1881 | 1880 | 1879 | 1878 | 1877 | 1876 | 1875 | 1874 | 1873 | 1872 | 1871 | 1870 | 1869 | 1868 | 1867 | 1866 | 1865 | 1864 | 1863 | 1862 | 1861 | 1860 | 1859 | 1858 | 1857 | 1856 | 1855 | 1854 | 1853 | 1852 | 1851 | 1850 | 1849 | 1848 | 1847 | 1846 | 1845 | 1844 | 1843 | 1842 | 1841 | 1840 | 1839 | 1838 | 1837 | 1836 | 1835 | 1834 | 1833 | 1832 | 1831 | 1830 | 1829 | 1828 | 1827 | 1826 | 1825 | 1824 | 1823 | 1822 | 1821 | 1820 | 1819 | 1818 | 1817 | 1816 | 1815 | 1814 | 1813 | 1812 | 1811 | 1810 | 1809 | 1808 | 1807 | 1806 | 1805 | 1804 | 1803 | 1802 | 1801 | 1800 | 1799 | 1798 | 1797 | 1796 | 1795 | 1794 | 1793 | 1792 | 1791 | 1790 | 1789 | 1788 | 1787 | 1786 | 1785 | 1784 | 1783 | 1782 | 1781 | 1780 | 1779 | 1778 | 1777 | 1776 | 1775 | 1774 | 1773 | 1772 | 1771 | 1770 | 1769 | 1768 | 1767 | 1766 | 1765 | 1764 | 1763 | 1762 | 1761 | 1760 | 1759 | 1758 | 1757 | 1756 | 1755 | 1754 | 1753 | 1752 | 1751 | 1750 | 1749 | 1748 | 1747 | 1746 | 1745 | 1744 | 1743 | 1742 | 1741 | 1740 | 1739 | 1738 | 1737 | 1736 | 1735 | 1734 | 1733 | 1732 | 1731 | 1730 | 1729 | 1728 | 1727 | 1726 | 1725 | 1724 | 1723 | 1722 | 1721 | 1720 | 1719 | 1718 | 1717 | 1716 | 1715 | 1714 | 1713 | 1712 | 1711 | 1710 | 1709 | 1708 | 1707 | 1706 | 1705 | 1704 | 1703 | 1702 | 1701 | 1700 | 1699 | 1698 | 1697 | 1696 | 1695 | 1694 | 1693 | 1692 | 1691 | 1690 | 1689 | 1688 | 1687 | 1686 | 1685 | 1684 | 1683 | 1682 | 1681 | 1680 | 1679 | 1678 | 1677 | 1676 | 1675 | 1674 | 1673 | 1672 | 1671 | 1670 | 1669 | 1668 | 1667 | 1666 | 1665 | 1664 | 1663 | 1662 | 1661 | 1660 | 1659 | 1658 | 1657 | 1656 | 1655 | 1654 | 1653 | 1652 | 1651 | 1650 | 1649 | 1648 | 1647 | 1646 | 1645 | 1644 | 1643 | 1642 | 1641 | 1640 | 1639 | 1638 | 1637 | 1636 | 1635 | 1634 | 1633 | 1632 | 1631 | 1630 | 1629 | 1628 | 1627 | 1626 | 1625 | 1624 | 1623 | 1622 | 1621 | 1620 | 1619 | 1618 | 1617 | 1616 | 1615 | 1614 | 1613 | 1612 | 1611 | 1610 | 1609 | 1608 | 1607 | 1606 | 1605 | 1604 | 1603 | 1602 | 1601 | 1600 | 1599 | 1598 | 1597 | 1596 | 1595 | 1594 | 1593 | 1592 | 1591 | 1590 | 1589 | 1588 | 1587 | 1586 | 1585 | 1584 | 1583 | 1582 | 1581 | 1580 | 1579 | 1578 | 1577 | 1576 | 1575 | 1574 | 1573 | 1572 | 1571 | 1570 | 1569 | 1568 | 1567 | 1566</ |
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| 76 | 224 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 77 | 115 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 78 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 79 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 80 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 81 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 82 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 83 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 84 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 85 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 86 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 87 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 88 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 89 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 90 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 91 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 92 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 93 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 94 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 95 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 96 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 97 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 98 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 99 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |
| 100 | 104 | W. J. & J. M. ... | 13 | 15 | 10 | 10 |

| | | | | | | | |
|-----|-------------------|-----|-----|----|------|-----|-----|
| 74 | John Halliday | 6 | 6 | 1 | 1 | 1 | 1 |
| 75 | Agnes Cross (Ed.) | 9 | 9 | 1 | 1 | 1 | 1 |
| 66 | Lucette Ann. 2nd | 59 | 59 | 15 | 14 | 4 | 4 |
| 67 | John. 2nd | 59 | 59 | 15 | 14 | 4 | 4 |
| 68 | Albany N. 1st | 54 | 54 | 14 | 10 | 1 | 1 |
| 69 | Alb. Eng. 1st | 42 | 42 | 11 | 11 | 6 | 6 |
| 70 | Alfred Eng. 1st | 42 | 42 | 11 | 11 | 6 | 6 |
| 71 | Alfred Eng. 1st | 42 | 42 | 11 | 11 | 6 | 6 |
| 72 | Armed. Metallurg | 155 | 155 | 12 | 0.7 | 7 | 7 |
| 73 | Ang. Lang. (Ed.) | 106 | 106 | 1 | 1 | 1 | 1 |
| 74 | Anglophone | 22 | 22 | 6 | 11.5 | 2.1 | 2.1 |
| 75 | Anglophone 2nd | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 76 | Anglophone 3rd | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 77 | Anglophone 4th | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 78 | Anglophone 5th | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 79 | Anglophone 6th | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 80 | Anglophone 7th | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 81 | Anglophone 8th | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 82 | Anglophone 9th | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 83 | Anglophone 10th | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 84 | Anglophone 11th | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 85 | Anglophone 12th | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 86 | Anglophone 13th | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 87 | Anglophone 14th | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 88 | Anglophone 15th | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 89 | Anglophone 16th | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 90 | Anglophone 17th | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 91 | Anglophone 18th | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 92 | Anglophone 19th | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 93 | Anglophone 20th | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 94 | Anglophone 21st | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 95 | Anglophone 22nd | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 96 | Anglophone 23rd | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 97 | Anglophone 24th | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 98 | Anglophone 25th | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 99 | Anglophone 26th | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |
| 100 | Anglophone 27th | 27 | 27 | 6 | 11.5 | 2.1 | 2.1 |

[illegible]

| | | | | | |
|-----|----------------|----|-----|-----|-----|
| 40 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 41 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 42 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 43 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 44 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 45 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 46 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 47 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 48 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 49 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 50 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 51 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 52 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 53 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 54 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 55 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 56 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 57 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 58 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 59 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 60 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 61 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 62 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 63 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 64 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 65 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 66 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 67 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 68 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 69 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 70 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 71 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 72 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 73 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 74 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 75 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 76 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 77 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 78 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 79 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 80 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 81 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 82 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 83 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 84 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 85 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 86 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 87 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 88 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 89 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 90 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 91 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 92 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 93 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 94 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 95 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 96 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 97 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 98 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 99 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 100 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |

| | | | | | |
|-----|----------------|----|-----|-----|-----|
| 40 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 41 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 42 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 43 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 44 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 45 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 46 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 47 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 48 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 49 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 50 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 51 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 52 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 53 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 54 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 55 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 56 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 57 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 58 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 59 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 60 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 61 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 62 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 63 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 64 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 65 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 66 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 67 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 68 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 69 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 70 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 71 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 72 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 73 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 74 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 75 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 76 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 77 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 78 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 79 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 80 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 81 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 82 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 83 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 84 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 85 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 86 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 87 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 88 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 89 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 90 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 91 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 92 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 93 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 94 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 95 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 96 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 97 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 98 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 99 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |
| 100 | Red Pine (Rsp) | 57 | 218 | 1.8 | 4.4 |

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|-----|--------------|----|--|----|-----|
| 58 | Clintadactyl | 74 | | 13 | 1.8 |
| 59 | Clintadactyl | 74 | | 13 | 1.8 |
| 60 | Clintadactyl | 74 | | 13 | 1.8 |
| 61 | Clintadactyl | 74 | | 13 | 1.8 |
| 62 | Clintadactyl | 74 | | 13 | 1.8 |
| 63 | Clintadactyl | 74 | | 13 | 1.8 |
| 64 | Clintadactyl | 74 | | 13 | 1.8 |
| 65 | Clintadactyl | 74 | | 13 | 1.8 |
| 66 | Clintadactyl | 74 | | 13 | 1.8 |
| 67 | Clintadactyl | 74 | | 13 | 1.8 |
| 68 | Clintadactyl | 74 | | 13 | 1.8 |
| 69 | Clintadactyl | 74 | | 13 | 1.8 |
| 70 | Clintadactyl | 74 | | 13 | 1.8 |
| 71 | Clintadactyl | 74 | | 13 | 1.8 |
| 72 | Clintadactyl | 74 | | 13 | 1.8 |
| 73 | Clintadactyl | 74 | | 13 | 1.8 |
| 74 | Clintadactyl | 74 | | 13 | 1.8 |
| 75 | Clintadactyl | 74 | | 13 | 1.8 |
| 76 | Clintadactyl | 74 | | 13 | 1.8 |
| 77 | Clintadactyl | 74 | | 13 | 1.8 |
| 78 | Clintadactyl | 74 | | 13 | 1.8 |
| 79 | Clintadactyl | 74 | | 13 | 1.8 |
| 80 | Clintadactyl | 74 | | 13 | 1.8 |
| 81 | Clintadactyl | 74 | | 13 | 1.8 |
| 82 | Clintadactyl | 74 | | 13 | 1.8 |
| 83 | Clintadactyl | 74 | | 13 | 1.8 |
| 84 | Clintadactyl | 74 | | 13 | 1.8 |
| 85 | Clintadactyl | 74 | | 13 | 1.8 |
| 86 | Clintadactyl | 74 | | 13 | 1.8 |
| 87 | Clintadactyl | 74 | | 13 | 1.8 |
| 88 | Clintadactyl | 74 | | 13 | 1.8 |
| 89 | Clintadactyl | 74 | | 13 | 1.8 |
| 90 | Clintadactyl | 74 | | 13 | 1.8 |
| 91 | Clintadactyl | 74 | | 13 | 1.8 |
| 92 | Clintadactyl | 74 | | 13 | 1.8 |
| 93 | Clintadactyl | 74 | | 13 | 1.8 |
| 94 | Clintadactyl | 74 | | 13 | 1.8 |
| 95 | Clintadactyl | 74 | | 13 | 1.8 |
| 96 | Clintadactyl | 74 | | 13 | 1.8 |
| 97 | Clintadactyl | 74 | | 13 | 1.8 |
| 98 | Clintadactyl | 74 | | 13 | 1.8 |
| 99 | Clintadactyl | 74 | | 13 | 1.8 |
| 100 | Clintadactyl | 74 | | 13 | 1.8 |

[illegible][illegible][illegible][illegible]

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|-----|--------------------|-----|-----|------|-----|
| 39 | Gibbons (25) | 45 | 77 | 0.6 | 4.5 |
| 114 | Gill & Duffus | 130 | 27 | 1.8 | 4.5 |
| 137 | Ginsburgh Soc. | 259 | 135 | 11.1 | 4.5 |
| 134 | Ginsburgh Soc. 39 | 39 | 134 | 1.8 | 4.5 |
| 123 | Glass (60) | 60 | 14 | 2.8 | 1.9 |
| 256 | Gobitis (14) | 14 | 18 | 1.2 | 4.2 |
| 256 | Goldsman (13) | 13 | 27 | 1.8 | 4.2 |
| 134 | Gordon (10) | 10 | 18 | 1.2 | 4.2 |
| 151 | Grampian Ltd. | 44 | 5 | 3.5 | 3.8 |
| 12 | Griffiths Bent. Sp | 23 | 20 | 3 | 2.5 |
| 123 | Grinswale Wk Sp | 23 | 45 | 3 | 2.5 |
| 40 | Grippe (20) | 20 | 150 | 5.5 | 1.5 |
| 43 | Grice Co. Reg. | 21 | 5 | 1.8 | 3.5 |
| 141 | Halstead (1) | 1 | 14 | 1.4 | 3.5 |
| 40 | Hannex Co 900 | 0 | 720 | 3.3 | 3.5 |
| 93 | Hanson Ltd. | 155 | 20 | 1.4 | 3.4 |
| 123 | Hansen Bus 20 | 20 | 65 | 1.4 | 3.4 |
| 12 | Hanson 7 | 7 | 1 | 1.4 | 3.4 |

| | | | | | | |
|-------|--------------------|-------|-----|-----|-----|-----|
| 182g | Barrelet 1st | 375 | 5 | 12 | 2.0 | 4.3 |
| 43 | Barrelet 2nd | 63 | +2 | 14 | 1.6 | 6.8 |
| 528 | Harris 1st | 567 | 20 | 1.2 | 5.0 | 5.0 |
| 342g | Harris's Wheel 1st | 280 | 5 | 17 | 4.0 | 1.7 |
| 100 | Harris's Wheel 2nd | 280 | 5 | 17 | 4.0 | 1.7 |
| 50 | Hemdale 10p | 88 ml | 8 | 5.0 | 1.9 | 2.7 |
| 35 | Hepworth Crane | 74 | +2 | 8 | 9 | 2.7 |
| 210R | Do. 742 Crane | 2185 | 78 | 9 | 7.6 | 6.8 |
| 1000g | Do. 1012 Crane | 7610 | 120 | 9 | 7.6 | 6.8 |
| 80 | Howe 1st | 38 | +2 | 12 | 1.2 | 5.0 |
| 8 | Howitz 1st | 14 | 38 | 18 | 2.5 | 6.4 |
| 401g | Hilli's W. Org | 48 | 58 | 250 | 2.3 | 5.8 |
| 364 | Hillman 1st | 140 | 58 | 250 | 1.9 | 5.8 |
| 191 | Hoffmann (S) | 185 | +10 | 50 | 2.1 | 2.6 |
| 177g | Hofmann's 2nd | 277 | 50 | 2.1 | 2.6 | 2.6 |
| 255 | Do. 1st | 480 | 50 | 2.1 | 2.6 | 2.6 |
| 255 | Do. 1st | 480 | 50 | 2.1 | 2.6 | 2.6 |

| | | | | |
|-----|------------------|-----|-----|---------|
| 50 | Hoskins H. 30p | 44 | 18 | 1.8 |
| 80 | Howard Ten (app) | 161 | 183 | 2.5 2.7 |
| 81 | Hubert (book) | 705 | 183 | 0.4 6.7 |
| 126 | Hunting Assn. | 41 | 1 | 1.1 4.8 |
| 136 | Hotel Bk \$5 | 170 | 284 | 1.0 4.6 |

INDUSTRIAL (Miscellaneous) - Continued

| 1971 | Stock | Price | Change |
|------|--------------------------|--------|--------|
| 100 | British Petroleum | 15 1/4 | + 1/4 |
| 100 | Imperial Chemical | 15 1/4 | + 1/4 |
| 100 | Shell | 15 1/4 | + 1/4 |
| 100 | British Airways | 15 1/4 | + 1/4 |
| 100 | British Overseas Airways | 15 1/4 | + 1/4 |
| 100 | British Airways | 15 1/4 | + 1/4 |
| 100 | British Airways | 15 1/4 | + 1/4 |
| 100 | British Airways | 15 1/4 | + 1/4 |
| 100 | British Airways | 15 1/4 | + 1/4 |
| 100 | British Airways | 15 1/4 | + 1/4 |

INSURANCE

| 1971 | Stock | Price | Change |
|------|------------------------------------|--------|--------|
| 100 | British Insurance | 15 1/4 | + 1/4 |
| 100 | Imperial Insurance | 15 1/4 | + 1/4 |
| 100 | Shell Insurance | 15 1/4 | + 1/4 |
| 100 | British Airways Insurance | 15 1/4 | + 1/4 |
| 100 | British Overseas Airways Insurance | 15 1/4 | + 1/4 |
| 100 | British Airways Insurance | 15 1/4 | + 1/4 |
| 100 | British Airways Insurance | 15 1/4 | + 1/4 |
| 100 | British Airways Insurance | 15 1/4 | + 1/4 |
| 100 | British Airways Insurance | 15 1/4 | + 1/4 |
| 100 | British Airways Insurance | 15 1/4 | + 1/4 |

PROPERTY - Continued

| 1971 | Stock | Price | Change |
|------|-----------------------------------|--------|--------|
| 100 | British Property | 15 1/4 | + 1/4 |
| 100 | Imperial Property | 15 1/4 | + 1/4 |
| 100 | Shell Property | 15 1/4 | + 1/4 |
| 100 | British Airways Property | 15 1/4 | + 1/4 |
| 100 | British Overseas Airways Property | 15 1/4 | + 1/4 |
| 100 | British Airways Property | 15 1/4 | + 1/4 |
| 100 | British Airways Property | 15 1/4 | + 1/4 |
| 100 | British Airways Property | 15 1/4 | + 1/4 |
| 100 | British Airways Property | 15 1/4 | + 1/4 |
| 100 | British Airways Property | 15 1/4 | + 1/4 |

TEXTILES - WOOL

| 1971 | Stock | Price | Change |
|------|-----------------------------------|--------|--------|
| 100 | British Textiles | 15 1/4 | + 1/4 |
| 100 | Imperial Textiles | 15 1/4 | + 1/4 |
| 100 | Shell Textiles | 15 1/4 | + 1/4 |
| 100 | British Airways Textiles | 15 1/4 | + 1/4 |
| 100 | British Overseas Airways Textiles | 15 1/4 | + 1/4 |
| 100 | British Airways Textiles | 15 1/4 | + 1/4 |
| 100 | British Airways Textiles | 15 1/4 | + 1/4 |
| 100 | British Airways Textiles | 15 1/4 | + 1/4 |
| 100 | British Airways Textiles | 15 1/4 | + 1/4 |
| 100 | British Airways Textiles | 15 1/4 | + 1/4 |

TRUSTS, FINANCE, LAND - Continued

| 1971 | Stock | Price | Change |
|------|---------------------------------|--------|--------|
| 100 | British Trusts | 15 1/4 | + 1/4 |
| 100 | Imperial Trusts | 15 1/4 | + 1/4 |
| 100 | Shell Trusts | 15 1/4 | + 1/4 |
| 100 | British Airways Trusts | 15 1/4 | + 1/4 |
| 100 | British Overseas Airways Trusts | 15 1/4 | + 1/4 |
| 100 | British Airways Trusts | 15 1/4 | + 1/4 |
| 100 | British Airways Trusts | 15 1/4 | + 1/4 |
| 100 | British Airways Trusts | 15 1/4 | + 1/4 |
| 100 | British Airways Trusts | 15 1/4 | + 1/4 |
| 100 | British Airways Trusts | 15 1/4 | + 1/4 |

For Notes, see Stock Exchange Dealings.

For Notes, see Stock Exchange Dealings.

For Notes, see Stock Exchange Dealings.

For Notes, see Stock Exchange Dealings.

For Notes, see Stock Exchange Dealings.

STARange*
Vehicle and Pocket
Mobile
Radiotelephones

ITT Mobile Communications Ltd.
Colney St. St. Albans, Herts.
Radlett 4711. Telex: 923001.

Lombard
When the
exception
becomes
the rule

BY C. GORDON TETHER

INFLATION fears rejected, said a recent newspaper headline. And it went on to tell how Treasury Minister had dismissed Labour pessimism about the future rate of inflation by pointing out that the Government was "firmly convinced that the current rate of inflation was exceptional."

The record

Whitehall has, after all, been more or less continually assuring the public that things would soon be better inflation-wise ever since the build-up that has pushed the rate of the annual rise in the value of money into double figures got under way in the late 1960s. And what does the record show? It shows that the rate of inflation was 10.1 per cent. in the early 1960s, was 10.1 per cent. in the second half and that since the opening of the 1970s the movement has gone into a very much higher gear.

In other words, the only thing that has been exceptional about the rates of inflation attained during the past ten years is that they have subsequently been seen to have been exceptionally low by comparison with what was to follow. As regards the present "exceptional" rate, there is now some hope that the Government will be able to prevent it being as quickly exceeded as the earlier "exceptional" ones were.

But I would have thought that even the most irrepressible optimist would have hesitated to label it exceptional on the grounds that we could count on making due allowance for the Budget and the CBI's price restraint move—on returning to a really low figure in the early future.

Not till 1975

Judged by any standard, the 5 to 6 per cent. annual rate of inflation that obtained in Britain in the second half of the 1960s was exceptional for an advanced country outside war periods in modern times. Yet it is already clear that, as the speeded up wages-price spiral has developed, the rate of inflation will be characterised by the fact that we are able to get back to that kind of performance before 1975.

It is, in short, ridiculous to suggest that pessimism about inflation is unfounded because the Government is convinced that the recent rate is exceptional.

The point is that they suggest that the Government is still refusing to face up to the implications of the long-term inflationary problem which has taken in Britain.

Dark forces

As is now coming to be increasingly recognised abroad, this is a new situation that cannot be coped with by tinkering with the kind of measures represented by the Government's "stand" against wage excesses and the CBI's price ceiling. So without a new approach there cannot be much hope of establishing the rate of inflation at a "non-exceptional" level for any length of time. And any figure exceeding 6 per cent. will halve the value of money in your pocket within 10 years.

Cynics contend that one reason why governments approach inflation in such a feeble way is that they have a vested interest in seeing it perpetuated. And it is a fact that in our own case the usual revenue benefits the State derives from the swelling of money incomes and the consequent erosion of tax allowances have been reinforced by a savings "bonus"—the product of general concern about inflation and official inability to control it.

Experience shows, however, that when the public senses that inflation is likely to become permanent, the repercussions in the savings field and elsewhere can begin to assume a much less helpful character. It is to be hoped that we shall not have to wait until these dark forces are unleashed before the Government will see the necessity to tackle the wages-price spiral with an appropriate vigour and sense of urgency.

THE LEX COLUMN

Fixed interest funding quirks

Earlier noises from Distillers had prepared the ground for a funding move, though it was not so easy to connect the group with a much rumoured £40m. loan stock placing. The terms, 10 1/2 per cent. at par, are judged premium worthy; and this poses the paradox that unsecured stocks have been so unfashionable since the Rolls-Royce collapse that you have to go back to March and through a dozen corporate debenture issues to find a straight unsecured offering (British Titan—11 per cent.). The fact is that the market's preconception that there is no investment interest in any straight fixed interest offering other than a long debenture or else a long loan issue from a top rank name has yet to be tested.

The borrower in this case is a group which held £89m. worth of quoted securities as at March 1970, and showed a net cash flow of £29m. in the three years to that date, adequately ahead of its fixed expenditure of £28m. in the period. Its problem of

course has lain in a figure of £236m. for working capital. In 1969-70 that involved a deterioration of some £25m. in the liquid position and that was before the inflation of raw material costs really got going. As it is, it would be no surprise if, laying cost inflation on top of a 9 or 10 per cent. volume growth rate, Distillers' working capital needs were rising at over 15 per cent. a year. Fortunately this is not a matter of immediate concern for Distillers, which still has some £75m. worth of BP stock after having disposed of £20m. plus in the 15 months to June, 1971—and total borrowings of only £91m., even after the funding, out of a capital employed of about £370m.

Fairey

Last December, Fairey was expecting at least £12m. for the year to March; it has come out with £15.5m. pre-tax against £10.6m. before the Dunsen provision last time. The fun lies in the profits mix since, to judge by the tax charge, the

bulk of the rise came from the U.K. in general and perhaps as much as a quarter from Fairey Engineering in particular. The point here is that FE's £599,000 before group expenses a year ago included an unquantified clawback on over-provisions against problem nuclear contracts—not the case in 1970-71, apparently, and these profit levels are at least maintainable. The Belgian profits rise seems to have been uninspiring, given a rising workload: with new management and a further increase of around 30 per cent. in production hours expected this year, that should be capable of substantial improvement. With good order books elsewhere, one could at this stage be thinking of a profit rise to something over £11m. pre-tax.

The problem for a fully taxed 1970-71 p/e of just over 10 at 232½ up 12p yesterday—lies in the longer term outlook for FE, given that Dunsen's £1.6m. contracting work starts to tail off in a year or two's time. Fairey's answer is that nuclear work is already down to about

half FE's total, and capacity rather than demand is the problem on the non-nuclear side. See also Page 19

De La Rue

After the hopes raised by last year's final quarter, De La Rue's figures for the first quarter this time are something of a let-down. For all the brave talk of catching up with inflation, pre-tax margins at 5.3 per cent. are still at the depressed level of a year ago. However, profits have moved modestly ahead—by 13 per cent. at the pre-tax level—and since this overall result disguises growth in many areas but a setback in Formula, where most of the minorities are, the net attributable gain is nearly a quarter in spite of a sharply higher tax ratio. It is worth noting, too, that the overseas operations are consolidated three months in arrears, and so a better performance in April-June has not yet shown through. But the share price has run too far ahead of events in recent weeks and even after a 19p drop

to 225p yesterday the historic p/e is almost 24, discounting a sharper earnings recovery than now seems likely, and thus leaning on the ever-present bid gossip. See also Page 20

Unigate

Although Unigate's preliminary figures are uninspiring, the group's optimism about the impact of EEC entry makes an effective counterweight. In cheese, after all, the bulk of Commonwealth imports will be phased out over a period, and since European cheese only caters to a limited extent for British tastes Unigate—which is responsible for nearly half U.K. production—is preparing to fill the impending vacuum. The same is not true of butter, where New Zealand imports are likely to remain substantial for a considerable time. Yet even here events are developing in Unigate's favour, given that it expects to gain more from the higher margins following from the current price jump than it

stands to lose from lower volume. Meanwhile the downturn in liquid milk sales, after the ending of Welfare milk last spring and the current school milk cutback, should release more supplies for the higher-margin manufacturing end of the trade.

As for the figures, it would appear—after cutting through the tangle of special items—that there has been a downturn. Thus, while the £10.67m. pre-tax for 1970-71 includes the Ministry of Agriculture's rebate, the £9.72m. reported for 1969-70 did not, and presumably suffered to the extent of most of the £2.38m. in prior years' items now listed. Moreover the latest pre-tax figure is struck before a £1m. provision for "exceptional" advertising costs relating to the launch of St. Ivel as the major brand name. Thanks to a lowish tax charge, however, adjusted earnings are held at around 7.1p a share: the corresponding p/e at 118p is 18.3, which is already paying attention to the improved prospects on the manufacturing side. See also Page 19

TUC against Six entry by a narrow majority

BY ALEX HENDRY, LABOUR REPORTER

THE general council of the TUC decided yesterday, by the narrow majority of 13 votes to 11, that it was against Britain joining the Common Market on the terms that have been negotiated.

The council accepted the 10,000-word document prepared by TUC staff which concludes that entry "would not be advantageous to the British people."

But the document was strongly, and at times bitterly, criticised by some members of the general council who said it was incomplete and unbalanced and failed to examine the advantages that would flow from Britain joining the Six.

Mr. John Boyd, senior executive member of the engineering section of the amalgamated Union of Engineering Workers, moved a reference back of all but two of the document's 11 paragraphs.

The two paragraphs he was prepared to accept were those that conclude that Britain should not join on the terms negotiated. He made it clear that he would stick to his union's anti-market policy but felt he must oppose the document because it failed to take a balanced view. However, his reference back was not

accepted by Lord Cooper, the chairman.

Two other general council members who criticised the document were Sir Frederick Hayday, of the General and Municipal Workers, and Mr. Tom Jackson, general secretary of the Union of Post Office Workers. Mr. Hugh Scanlon, president of the AUEW, supported the document.

Ten members of the General Council did not attend yesterday's meeting, but it is calculated that this did not alter the result although it might have brought about a closer vote. And it is already known that at the Congress in September the voting strength of the anti-market unions will command a majority.

The essence of the TUC's opposition is that the balance of payment burden Britain would have to bear on entry would work against the economy and that there could be a serious outflow of investment funds.

It says the failure of the Government's recently published White Paper to assess the effects of a deteriorating balance of payments position on the economy is a "serious and surprising shortcoming."

It adds: "The assumption on which part of the Government's argument rests is highly questionable—namely that because

the Six have benefited from membership so necessarily would Britain." None of the Six had to face the balance of payments costs that Britain could have to pay.

The 'danger'

The document says: "The real danger exists that as a result of the balance of payments costs the economy would be condemned indefinitely to stagnation or, at best, slow growth."

There is a fear, expressed in the document, that entry would lead to British and international companies choosing to invest on the Continent and serving the British market from there. "If that happened it would be disastrous for British workers and have seriously damaging consequences for employment and living standards in Britain," says the document.

The final paragraph states: "The general council concludes therefore that entry on the terms negotiated would not be advantageous to the British people. It believed there is no reason why Britain should not develop her economic potential to the full outside the EEC and at the same time give priority to agreement among industrial countries on promoting world trade and development as a whole."

The executive's firm decision to oppose the entry terms increases the political difficulties of Labour pro-marketisers. But Mr. Jenkins and others—including Mr. Michael Stewart—have made it clear they will still support the entry terms.

In her speech to the executive Mrs. Williams spoke for all the dedicated pro-marketisers when she said she had been proud to be a member of Mr. Wilson's Government when it opened and later resumed the market negotiations. She then repeated the one already taken by Mr. Jenkins, Lord George-Brown and Mr. George Thompson that the terms Mr. Geoffrey Rippon had got were adequate and most unlikely to be re-negotiated.

Mrs. Williams added that those who would vote against the motion would do so on the basis of their Socialist principles. They accepted the sincerity of others who opposed entry, but they did not agree that those people "are more Socialist than we are."

Sir Harry Nicholas, the party general secretary, expressed doubts about the proposal for a national propaganda campaign on the executive's resolution. He pointed out that he himself was going on holiday today, that August was a bad month for any campaign, and finally, he did not know where the money would come from. He said it had cost Transport House "16 bob" for each member of the audience who attended the last rally on higher old-age pensions.

Beechams warns: price rises 'now inescapable'

By Kenneth Gooding

SMALL PRICE increases in the Beecham group antibiotics "are now inescapable" because of cost inflation, chairman Sir Ronald Edwards told the annual meeting yesterday.

Some increases would also be necessary on the consumer products side of Beecham's business—taking in such things as Brylcreem, Maceas toothpaste, Silvertin, Lucozade, PLJ Lemon Juice, Horlicks, Corona soft drinks, Honis "mixer" drinks, Irida, Quash, and Norton canned foods in name a few.

A Beecham spokesman later stressed that price rises would not be across the board but on selected consumer products. Sir Ronald pointed out that Beecham had significantly reduced the prices of its antibiotics over the years "a creditable record and based largely on the fact that cost increases have been more than absorbed by growing efficiency."

For example, the broad spectrum penicillin, Penbrilin, cost £15.33p for 100 capsules in 1961, and by February 1971, when it was reduced for the eleventh time, the price was only 20 per cent. of the original level at £3.10p for 100 capsules of the same strength.

11% rise awarded to P.O. engineers

BY MICHAEL HAND, LABOUR CORRESPONDENT

THE GOVERNMENT'S wage restraint policy took a knock yesterday, when an arbitration Board headed by Mr. Michael Mustill, who was recently appointed chairman of the Civil Service Arbitration Tribunal, awarded an 11 per cent. pay increase to 116,000 Post Office engineers.

The award came as a shock to the Post Office, which had offered only 7 1/2 per cent. This would have added £13.3m. to its annual wages bill, against the £20m. cost of the 11 per cent. increase.

The settlement will increase the problems it already faced in trying to uphold the Confederation of British Industry's price restraint policy while preventing a further deterioration in its finances and maintaining its services. In addition to the 11 per cent. increase from July 1 awarded by Mr. Mustill and his two colleagues, Mr. H. D. Hughes, principal of Ruskin College, Oxford, and Mr. F. S. Millar, the British Steel Corporation's chief negotiator, the engineers will also get an extra 2 per cent., which is the figure the management and the Post Office Engineering Union agreed should be paid for productivity improvements expected during the coming year. The POEU's claim was for a 13 per cent. increase. It was Mr. Mustill's first industrial arbitration and was undertaken as a "one-off" arrangement pending the appointment of a permanent chairman for the Post Office arbitration body. He was clearly impressed by the POEU's case and by its productivity record.

Jackson's comment

The size of the settlement is likely to be regarded as unfortunate by the Government, coming as it does at the beginning of a new round of pay claims and at a time when Government negotiators are trying to limit pay increases to 200,000 industrial civil servants to an 8 per cent. deal.

They and other groups may now be more tempted to go for arbitration over which the Government, in promoting its pay restraint policy, can exert less influence than on direct employer-union negotiations.

BSC deficit of £110m. likely

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

THE British Steel Corporation had a deficit of £10m. in its last financial year and is thought to be heading for a loss of at least £110m. this year. There are indications that it wants its accumulated deficit of £40m. or as much as £200m. of its public dividend capital borrowings, written off by the Government.

Lord Melchett, BSC's chairman, yesterday emphasised that although the Corporation subscribed to the Confederation of British Industry's initiative on prices restraint, this would bear heavily on an organisation "which starts from an already low and unprofitable price level."

Selective price increases by the State-owned steel concern could be applied fairly quickly, it is believed. But over the full 12 months till next July, the Corporation is determined not to raise prices by more than the 5 per cent. allowed for by the CBI, on a weighted average basis. Lord Melchett pointed out, however, that the cost of imports of such important materials as iron ore, ferro alloys and nickel did not fall within the CBI's price calculations.

Discussing BSC's prospects, Lord Melchett said that although the Corporation would try to keep its losses in the current year down to the £100m. mentioned by Mr. John Davies, Secretary for Trade and Industry, last month, this would be made more difficult by the short but serious and unexpected blast-

furnacemen's strike just after Whitsun.

This cost about £7m. in direct costs alone and affected BSC's results in the first quarter of the current year, to June 30, when it is estimated to have made a loss of about £2m. before taxation and closure costs.

The basic problem for the nationalised steel undertaking is that inflationary cost pressures are still working through and are expected to lead to a further deterioration in its financial performance later in the year.

The reflationary measures introduced by the Government, on the other hand, will not lead to a dramatic growth in steel demand this year, it is thought, because users still have heavy stocks.

Lord Melchett revealed that discussions have just started between the BSC and the Government on a thorough review of the Corporation's capital structure, in the light of its future earning potential.

He would not discuss the proposals which BSC has put to the Government, but it is obvious that a radical solution of its continuing problem of over-capitalisation is being sought. The BSC's annual report for 1970-71 shows that it made a pre-tax profit of £7m. after depreciation and interest.

But charges against profits of the cost of closures (which amounted to £18m. in the year under review) together with other adjustments, led to a net revenue deficit of £10m. on a turnover of nearly £1,500m.

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The new settlement for the engineers will mean that the pay of those in the biggest grade (technician 2a) will go up from £24.13 to £27.27 a week (excluding London allowance) and those in the most senior grade (technical officer) from £17.24 to £18.48 a year (again excluding London allowance).

Cunard below Trafalgar offer

By Sandy McLachlan

CUNARD shares yesterday fell below the value of the Trafalgar House offer for the first time since before the week-end. Buying by a syndicate led by Mr. Maxwell Joseph and Mr. Donald Forrester, plus the suggestion soon scotched—that the two Cunard directors might set up a syndicate bid, had pushed the shares as high as 212½ earlier this week. Yesterday, they went as low as 194½, before closing 6p down at 196p.

Mr. Nigel Brookes, Trafalgar House chairman, yesterday made it clear that his 200p a share bid would not be increased unless the Cunard Board can produce new information in addition to the information communicated to Trafalgar during the talks between the two companies which preceded the offering of the Trafalgar House offer.

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Weather

U.K. TO-DAY
England, Wales and E. Scot. land will be mostly dry with bright or sunny spells. A few showers may also occur, especially near E. Coast of England.

London, Midlands, N.W. and C.W. Eng.
Sunny spells. Mostly dry. Wind light, mainly S.W. Max. 23C (73F).

S.E. and Cent. S. Eng.
Sunny spells. Mostly dry. Wind mainly light S.W. Max. 22C (72F).

E. Anglia, E. and N.E. Eng.
Sunny intervals, scattered showers. Wind light, variable. Max. 20C (68F).

Channel Isles, S.W. Eng., Wales
Mostly dry with sunny spells. Wind light and variable, sea breezes on coasts. Max. 22C (72F).

Lake District, Isle of Man, Borders, S.W. Scot., Glasgow
Variable cloud, mainly dry with sunny intervals. Wind S.W. light or moderate. Max. 20C (68F).

E. Scot., Edinburgh, Cent. Highlands, Dundee
Variable cloud, mainly dry with sunny intervals. Wind S.W. moderate. Max. 19C (66F).

Cathness, N.W. Scot., Orkney
Rather cloudy with rain or drizzle at times. Hill and coast fog. Wind S.W. moderate to fresh. Max. 15C (59F).

Argyll, N. Ireland
Rather cloudy with rain or drizzle at times. Hill and coast fog. Wind S.W. moderate to fresh. Max. 18C (64F).

Outlook: Mainly dry and warm in E. with sunny spells. Cloud with rain in N.W. slowly spreading to W. and central districts.

BUSINESS CENTRES

| City | Mid-Jan. | Mid-Feb. | Mid-Mar. |
|-------------|----------|----------|----------|
| Amsterdam | 10.19 | 10.18 | 10.17 |
| Brussels | 10.18 | 10.17 | 10.16 |
| Frankfurt | 10.17 | 10.16 | 10.15 |
| Geneva | 10.16 | 10.15 | 10.14 |
| London | 10.15 | 10.14 | 10.13 |
| Madrid | 10.14 | 10.13 | 10.12 |
| Paris | 10.13 | 10.12 | 10.11 |
| Rome | 10.12 | 10.11 | 10.10 |
| Stockholm | 10.11 | 10.10 | 10.09 |
| Switzerland | 10.10 | 10.09 | 10.08 |
| Vienna | 10.09 | 10.08 | 10.07 |
| Zurich | 10.08 | 10.07 | 10.06 |

HOLIDAY RESORTS

| Resort | Jan. | Feb. | Mar. |
|-------------|-------|-------|-------|
| Amsterdam | 10.19 | 10.18 | 10.17 |
| Brussels | 10.18 | 10.17 | 10.16 |
| Frankfurt | 10.17 | 10.16 | 10.15 |
| Geneva | 10.16 | 10.15 | 10.14 |
| London | 10.15 | 10.14 | 10.13 |
| Madrid | 10.14 | 10.13 | 10.12 |
| Paris | 10.13 | 10.12 | 10.11 |
| Rome | 10.12 | 10.11 | 10.10 |
| Stockholm | 10.11 | 10.10 | 10.09 |
| Switzerland | 10.10 | 10.09 | 10.08 |
| Vienna | 10.09 | 10.08 | 10.07 |
| Zurich | 10.08 | 10.07 | 10.06 |



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